AIR POLLUTION CONTROL DISTRICT
COUNTY OF SAN DIEGO

DATE: March 29, 1994

TO: Air Pollution Control Board

SUBJECT: Adoption of New Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 (New Source Review), and Amendment of Rule 60 (Circumvention)

SUMMARY:

District New Source Review rules regulate emissions associated with permitting new and modified stationary sources of air pollution. The existing rules do not meet current state and federal law and are proposed to be deleted and replaced with new ones. The new rules will require controls on new or modified stationary and portable emission units with potential to emit 10 or more pounds per day of nonattainment pollutants (and precursors), and emission offsets to mitigate the air quality impact of emissions increases from new and modified equipment at stationary sources having the potential to emit 15 or more tons per year of nonattainment pollutants (and precursors). This includes emissions of volatile organic compounds (VOC), oxides of nitrogen (NOx), oxides of sulfur (SOx), particulate matter (PM_{10}) and carbon monoxide (CO). A source for which a complete permit application is submitted at least thirty days prior to the adoption of these new rules will be able to choose whether the District uses existing rules or new rules in its evaluation of that application.

These new rules are consistent with the requirements of the federal Clean Air Act and the California Clean Air Act. With the exception of the requirements for an air quality impact analysis (see Alternative #2), they are also consistent with the Board's direction of February 2, 1993 that new regulatory requirements not be more stringent than state and federal requirements.

Existing Rule 60 (Circumvention) prohibits the construction or installation of equipment intended to conceal or dilute air pollution emissions which would otherwise constitute a violation of the Health and Safety Code or District Rules and Regulations. The proposed amendments to Rule 60 are companion changes to the New Source Review rules and expand this prohibition to include the creation of business or financial arrangements intended to circumvent the Stationary Source definition and related requirements of the proposed New Source Review rules.

New Rules 20.1, 20.9 and 20.10 have been developed to include a separate and severable element meeting minimum federal requirements. Only these portions of the rules will be sent to EPA for approval as part of the State Implementation Plan for San Diego County. This will limit EPA's enforcement authority to only those elements necessary to satisfy minimum federal requirements.

Two public workshops and numerous meetings have been held with affected and interested parties. The workshop reports are attached.

SUBJECT: Adoption of New Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 (New Source Review), and Amendment of Rule 60 (Circumvention)

Issue

Should the Board repeal existing Rules 20.1, 20.2, 20.3, 20.4 and 20.7; direct the Air Pollution Control Officer to use existing Rules 20.1, 20.2, 20.3, 20.4 and 20.7 for evaluating applications submitted at least thirty days prior to adoption of new Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 if a source elects to be evaluated in accordance with these existing rules, the application is deemed complete prior to the date of adoption of the new rules (deemed complete between November 15, 1992 and the date of adoption for equipment located at a federal major stationary source), and construction will be completed within one year after issuance of the Authority to Construct (extensions can be granted); adopt proposed new Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 to meet the requirements of the federal and California Clean Air Acts; and, adopt companion amendments to Rule 60 (Circumvention) to prevent abuses of the proposed new rules?

Recommendations

AIR POLLUTION CONTROL OFFICER:

1. Set May 17, 1994 at 2:00 p.m., as the date and time for a public hearing to consider the resolution deleting existing Rules 20.1, 20.2, 20.3, 20.4 and 20.7, adding new Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 to the Rules and Regulations of the San Diego County Air Pollution Control District, and amending Rule 60.

2. Direct the Clerk of the Board to notice the Hearing pursuant to Section 40725 of the State Health and Safety Code.

3. Following the hearing: (a) adopt the resolution deleting existing Rules 20.1, 20.2, 20.3, 20.4 and 20.7, adding Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 and amending Rule 60; and (b) make appropriate findings:

   (i) of necessity, authority, clarity, consistency, non-duplication and reference, as required by Section 40727 of the State Health and Safety Code;

   (ii) that the proposed new rules will significantly affect air quality and emissions limitations, and an assessment of socioeconomic impacts is therefore required (Section 40728.5 of the State Health and Safety Code);

   (iii) that a socioeconomic impact analysis of Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 has been prepared, to the extent that data is available, and that the results of that analysis have been considered and changes to the proposed rules have been made to reduce adverse socioeconomic impacts;

   (iv) that an initial study of the environmental impacts of the adoption of Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 has been conducted pursuant to the provisions of the California Environmental Quality Act; that a proposed Negative Declaration was prepared, that public notice and a public review period were provided for the proposed Negative Declaration, that no comments were received during said public review period; and that considering the initial study and proposed Negative Declaration and the entire record before the Board, there is no substantial evidence that the project will have a significant effect on the environment, and the Negative Declaration is herein approved;

(v) that in accordance with Health and Safety Code Section 40001, the adoption of the proposed rules is necessary to satisfy state and federal law, and the proposed rules will promote the attainment of state and federal ambient air quality standards; and

(vi) that considering the record as a whole, the deletion of the existing rules and the adoption of the proposed new rules and amendment of Rule 60 involves no potential adverse effect, either individually or cumulatively, on wildlife (as defined by Section 711.2 of the California Fish and Game Code), and the District has, on the basis of substantial evidence, rebutted the presumption of adverse impact contained in Title 14, California Code of Regulations, Section 753.5(c), and a Certificate of Fee Exemption for De Minimis Impact Finding was prepared pursuant to Title 14, California Code of Regulations, Section 753.3(c), and is herein certified.

Advisory Statement

The Air Pollution Control District Advisory Committee recommended adopting the proposed New Source Review rules at its January 26, 1994 meeting. The Committee was advised there could be further changes resulting from additional comments from affected businesses and the District would provide the Committee an opportunity to review and discuss these changes prior to Board consideration. This will be done at the Committee's March 23, 1994 meeting and the Board will be advised of any change in the Committee's recommendation at or before the time of the public hearing.

Fiscal Impact

Adopting the proposed New Source Review rules will increase regulatory requirements for new and modified sources and the complexity of the evaluations necessary before permits can be issued. Many more sources will be subject to Best Available Control Technology, Lowest Achievable Emission Rate and emission offset requirements than under current New Source Review rules. The additional staffing needed to handle this significant workload increase cannot be determined at this time. The District will make every effort to minimize additional staffing by working closely with businesses to streamline the New Source Review rule permit evaluation process and other District permitting activities. The existing Air Pollution Permit Streamlining Committee will be used to do this. Staffing needs that cannot be met through reallocation of existing staff resource savings resulting from these efforts will be brought back to the Board for approval when appropriate. All costs related to this program will be recovered through existing permit fees charged to affected facilities.

Alternatives

1. Not adopt New Source Review rules. This is not a viable alternative. The 1990 federal Clean Air Act requires a permit program for new and modified sources that meets the requirements of the Act. In addition, the California Clean Air Act requires a permit program for new and modified sources meeting the requirements of the California Act. If the District fails to adopt New Source Review rules meeting state and federal requirements, the Air Resources Board will adopt regulations for the District. This may result in regulations that do not consider the specific needs of affected facilities in San Diego County. In addition, if the District fails to adopt New Source Review rules that are approvable by the EPA, EPA will impose mandatory sanctions on new or modified major stationary source construction and withhold federal transportation monies (about $75 million) for San Diego County, as well as require local businesses to obtain federal New Source Review and Prevention of Significant Deterioration permits. Local business would then have to obtain permits under the current New Source Review rules and EPA permits under the federal

program, instead of the single permitting program that would result from the adoption of proposed new New Source Review rules. Local businesses have participated in developing the new rules and amendments to Rule 60, and support their adoption as necessary to meet state and federal requirements.

2. Adopt the proposed New Source Review rules but delete the air quality impact analysis requirements (new source review) from Rules 20.2, 20.3 and 20.4. The air quality impact analysis requirements are contained in the existing rules. They have been made less stringent (they now apply to emission increases at an emission unit rather than increases at a facility) and are proposed to be retained in the new rules. These requirements are not mandated by either state or federal law. However, it is not recommended that these requirements be deleted because it is very important to ensure that the public is adequately protected from pollutants from new or modified projects that may exceed state and national ambient air quality standards, as well as ensure that such projects do not cause the air basin to violate an air quality standard or cause additional violations of a standard if the standard is already exceeded. The consequences of allowing the region to slip from attainment of a standard to nonattainment (or further into nonattainment) are significant for both stationary and motor vehicle emission sources. The use of air quality impact analyses will ensure this does not occur.

BACKGROUND:

Existing Rules 20.1, 20.2, 20.3 and 20.4 do not meet federal and state requirements and are proposed to be deleted and replaced by new Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 that meet these requirements. They incorporate exemptions and waivers of specific requirements that were requested by affected businesses where possible, within the constraints of state and federal requirements. Similar rules have already been adopted in other California air districts, including the Bay Area, Ventura County and South Coast air districts.

Under the federal Clean Air Act, the District was required to submit federally approvable revisions to its New Source Review program to EPA by November 15, 1992. Because of the complexity of the rule, the need to meet state New Source Review requirements at the same time, and the need to allow affected businesses adequate opportunity for review and comment, this date was not met. The Act provides an additional 18 months after notification by EPA (until July 15, 1994) to develop, adopt and submit the necessary rule revisions to EPA or EPA is required by law to impose mandatory sanctions on new industrial construction and federal highway funds. The federally mandated portions of the proposed New Source Review rules are contained in Rules 20.1, 20.9 and 20.10 and, after adoption, will be submitted to ARB for approval and subsequent submittal to EPA. Rules 20.2, 20.3 and 20.4 address state requirements. These will not be submitted to EPA for approval and, thus, will not be federally enforceable.

Failure to adopt New Source Review rule revisions to meet federal requirements in time for EPA approval by July 15, 1994 will result in one of two sanctions. One will restrict industrial expansion by requiring new or expanded sources to offset new emissions increases at a 2.0 to 1.0 ratio instead of a 1.3 to 1.0 ratio. The other will cut federal highway funding to the region, currently about $75 million annually in San Diego. EPA also has discretionary authority to cut federal grant moneys (currently about $1.5 million) to the District if problems go uncorrected.

In addition to sanctions, EPA can impose a federal permit program on local new and modified major sources if the New Source Review rules are not adopted and implemented locally. EPA may also be able to take direct enforcement action against sources not in compliance with the New Source Review or Prevention of Significant Deterioration provisions of the Clean Air Act.

Failure to adopt a new source review program meeting the requirements of state law will result in the Air Resources Board assuming the powers of the District and adopting new source review rules for the District that is consistent with state requirements. Such rules may not contain all the elements that have been included in the proposed rules to meet the specific needs of local industry. In addition, adoption of such rules by the Air Resources Board would not likely occur in time to prevent EPA sanctions.

The District has worked closely with a group of representatives of affected local businesses and the military while developing new rules. Three public consultation meetings, including two public workshops, have been held to discuss and receive comments. In addition, there have been numerous meetings and conference calls with representatives of affected industry. The District will continue to work with business representatives to develop policies and procedures necessary to implement the program.

The federal New Source Review (for nonattainment pollutants and precursors) and Prevention of Significant Deterioration (for attainment pollutants and precursors) requirements apply to new major stationary sources and existing major sources that propose to add new or modify existing equipment resulting in an increase in either actual or potential emissions of specified pollutants. Precursors are pollutants that react to form other pollutants (e.g. oxides of nitrogen and volatile organic compounds are ozone precursors). Federal requirements are contained in proposed Rules 20.1, 20.9 and 20.10.

Generally, the federal New Source Review program for Severe ozone nonattainment areas requires new major sources and major modifications of existing major sources of nonattainment pollutants and their precursors (1) be constructed with lowest achievable emission rate (LAER) air pollution control technology and (2) offset (mitigate) the remaining emission increases with other emission reductions at a minimum ratio of 1.3 to 1.0 (e.g. 130 pounds of offsets are required for every 100 pounds increase from a project). The emission reductions used to offset emission increases must satisfy specified requirements. Specifically, the District must ensure the emission reductions are permanent and not likely to be replaced by emission increases elsewhere in the District, are able to be quantified and are surplus to all other emission reduction requirements. This offset ratio will drop to 1.2 to 1.0 if the air basin is reclassified from a Severe to a Serious ozone nonattainment area.

The federal Prevention of Significant Deterioration program requires the use of (1) Best Available Control Technology (BACT) and (2) an air quality impact analysis for significant increases in emissions of attainment pollutants. The air quality impact analysis is used to show that the impact from a project will not exceed specified criteria. Emission offsets are not required for attainment pollutants under the Prevention of Significant Deterioration program unless a source elects to provide them to offset a significant air quality impact.

The California Clean Air Act imposes more stringent Best Available Control Technology and emission offset requirement thresholds for new and modified stationary sources compared to federal requirements. The state generally requires the use of Best Available Control Technology for any new or modified emission unit which has the potential to emit greater than 10 pounds per day (about 1.3 tons per year) of any nonattainment air pollutant (or precursors). Federal Lowest Achievable Emission Rate control technology thresholds are generally 25 tons per year of nonattainment pollutants (or precursors). The state also requires emission offsets for all emission increases from new and modified emission units at stationary sources with the potential to emit 15 tons per year or more of any nonattainment air pollutant (or precursors) such that there is no net increase in emissions from all permitted stationary sources basinwide. To ensure there is no net increase in emissions, the District has proposed an offset ratio of 1.0 to 1.0 for all sources subject to state New Source Review requirements. Federal law requires emission offsets at a 1.3 to 1.0 ratio from new major (emitting 25 or more tons per year of volatile organic compounds or oxides of nitrogen) sources and from existing major sources that are modified and increase emissions (cumulative increases over a five-

year period) by 25 or more tons per year. These state and federal emission offset requirements will make it more difficult and expensive for new businesses to locate, and existing businesses to expand, in San Diego County.

It is estimated that approximately 150 existing facilities (including 9 municipal waste landfills) emit or have the potential to emit 15 tons per year or more of nonattainment air pollutants (or precursors), based on 1991 emissions data and each will be required to provide emission offsets for any emission increases from new or modified emission units at a 1.0 to 1.0 ratio. Likewise, any new facility in San Diego County having emissions of nonattainment pollutants exceeding 15 tons per year will have to provide emission offsets equal to the amount by which the emissions exceed 15 tons per year. About 40 existing facilities emit or have the potential to emit 25 tons per year or more of nonattainment air pollutants (or precursors), based on 1991 emissions data and each will be required to provide emission offsets at a 1.3 to 1.0 ratio if it is modified and increases emissions (cumulative increases over a five-year period) by 25 or more tons per year. New facilities with emissions of nonattainment pollutants (or precursors) exceeding 25 tons per year will have to provide emission offsets at a 1.3 to 1.0 ratio.

The proposed new rules contain the above federal and state requirements and follow the guidance of ARB and EPA with regard to specific provisions. In addition, the requests of local businesses for exemptions or special provisions to minimize impacts have been incorporated, if not inconsistent with federal or state requirements or not resulting in an inequitable treatment of other businesses. These exemptions and special provisions include:

- Expanding the types of emergency equipment that are partially or wholly exempt from New Source Review rules. Currently only emergency electrical generating equipment is exempt. The proposed rules add air compressors and pumps (e.g. fire fighting or flood response water pumps) when used in emergency situations.

- Waiver of NOx emission offset requirements for new, replacement and modified electrical generating equipment subject to the significant emission reduction requirements of recently adopted Rule 69. Rule 69 regulates oxides of nitrogen emissions from this equipment under an annual emissions cap. The District has demonstrated to ARB and EPA that such a limitation will result in oxides of nitrogen emission reductions at least equal to those required by federal and state law for emission control technology and emission offsets.

- Allowing applicants the option of being evaluated under the new rules or under the existing rules if a permit application is submitted at least 30 days prior to adopting the new rules and deemed complete prior to that date (deemed complete between November 15, 1992 and the date of adoption for equipment located at a federal major stationary source), and construction will be completed within one year after issuance of the Authority to Construct (extensions can be granted).

- Exempting engines used to operate runway emergency arresting cables.

- Exempting air compressors infrequently used to pressurize and test nuclear reactor containment domes.

- Exempting an increase in a business' hours of operation necessary to implement transportation control measures (e.g. changing from a 5-by-8 hour work week to a 4-by-10 hour work week) from BACT and LAER requirements.

- Limiting applicability of Best Available Control Technology and Lowest Achievable Emission Rate to existing emission units being modified if BACT or LAER has already been applied to

the existing unit or if the emission increase is less than 25 percent of the potential to emit of the existing unit.

- Allowing a source to reduce or limit its potential to emit to avoid or minimize the effects of other regulatory programs (e.g. federal Title V operating permit program) without triggering New Source Review requirements.

- Allowing a federal major source to use an alternative accounting system for emission increases, thus delaying the applicability for Lowest Achievable Emission Rate control requirements and emission offsets.

- Limiting the applicability of Best Available Control Technology, Lowest Achievable Emission Rate and offset requirements for existing equipment that is temporarily or permanently relocated.

- Allowing the District to use emission reduction credits from a District Community Bank to provide some or all required emission offsets from air pollution control projects required by District rules or state or federal emission control programs, and for essential public service projects which are not federal major sources. Essential public service would include publicly owned water, wastewater and wastewater-sludge treatment plants, solid waste landfills and solid waste recycling facilities.

- Allowing the use of emission reductions of one air pollutant to offset emission increases of another pollutant, at prescribed ratios, when both pollutants are both precursors to the same nonattainment air pollutant. This is intended to increase the ability of businesses to find sufficient emission offsets to obtain approval for new and modified projects. Volatile organic compounds, oxides of nitrogen, and oxides of sulfur can be used to offset particulate matter (PM_{10}) emissions at a 1.1 to 1.0 ratio; particulate matter (PM_{10}), volatile organic compounds, and oxides of nitrogen can be used to offset oxides of sulfur emissions at a 1.1 to 1.0 ratio; volatile organic compounds can be used to offset oxides of nitrogen emissions at a 2.0 to 1.0 ratio; and oxides of nitrogen can be used to offset volatile organic compounds emissions at a 1.0 to 1.0 ratio.

- Allowing new and modified sources of PM_{10} to provide emissions offsets to mitigate air quality impacts, as determined using an air quality impact analysis. The mineral industry, in particular, requested this change and is in support of the rule provisions that incorporate it.

- Specific provisions for portable equipment that allow maximum mobility with minimum notification to the District, and minimize emission offset requirements, while meeting state and federal New Source Review requirements. It should be noted that the California Air Pollution Control Officer's Association is currently developing a new procedure for handling portable equipment under the state new source review program. When this procedure is finalized and approved by the ARB, additional changes to these rules may be necessary to incorporate this new procedure.

Issues

In developing the rules, several difficult issues were raised by affected industry or prompted by the District's experiences with its existing program. They are enumerated below.

1. Separating federal from state and local New Source Review requirements and submitting only the federal requirements to the EPA for approval.

Because state New Source Review requirements are more stringent than federal requirements, there are two primary issues. First, if EPA approved both the state and federal elements of these rules, any related requirements imposed on permits would become federally enforceable (i.e. could be enforced by EPA against local businesses). Historically, such enforcement, while infrequent, has resulted in much harsher penalties against businesses than local compliance efforts. This would also needlessly subject many small businesses that are not major emission sources to potential federal enforcement action. Second, it would be extremely difficult, if not impossible, to make subsequent rule revisions to reflect any future relaxations in state law or to reflect the needs of local businesses (especially those that are not major sources) because such changes would also require EPA approval.

To address these concerns, the District developed the proposed rules to contain severable elements (Rules 20.1, 20.9 and 20.10) that will specifically implement only the federally mandated New Source Review and Prevention of Significant Deterioration requirements. These are: Rule 20.1 - (General Provisions) containing definitions, general exemptions, and methods for determining emission increases necessary to carry out the requirements of both the federal and state/local portions of the New Source Review rules; Rule 20.9 - (Major Stationary Sources and PSD Stationary Sources, Provisions For Meeting the Federal Clean Air Act Requirements) containing the federally mandated requirements of EPA and the federal Clean Air Act; and, Rule 20.10 - (Portable Emission Units to be Located at Federal Major Stationary Sources) containing the federally mandated requirements of EPA and the federal Clean Air Act applicable to portable emission units. These three rules will be submitted to EPA for federal approval.

2. The necessity for conducting ambient air quality impact analyses.

Existing Rule 20.3 requires an applicant to demonstrate that emission increases above specified thresholds from new or modified emission units will not result in the violation of any state or national ambient air quality standard or interfere with the attainment or maintenance of any such standard. Typically, an applicant would make this demonstration using EPA approved computer models to predict the maximum off-site impacts that emissions from a project would cause. Models are available for predicting source specific impacts on ambient concentrations of NOx, SOx, PM_{10}, CO and lead, but not for ozone.

Some affected businesses asked the District to consider removing this requirement from the proposed rules and instead require emission offsets, at a ratio exceeding that necessary to meet state and federal requirements, to mitigate a project's air quality impact. The District is proposing to retain the air quality impact analysis requirements for a number of reasons.

First, large projects with emissions increases exceeding the amounts at which an air quality impact analysis is required, need to conduct an analysis to ensure that the public health in the impact zone of the project is adequately protected from pollutant levels that exceed state or national ambient air quality standards. An Authority to Construct has never been denied because an applicant could not meet the air quality impact analysis requirements. Instead, the District has worked closely with project proponents to resolve problems and will continue to do so.

The District's current requirement for an air quality analysis has been workable for most situations. The exceptions are when multiple projects are proposed over several years and the cumulative impacts of these projects must be evaluated, and when new sources of PM_{10} emissions are proposed. Both of these have been addressed in the new rules. The first case has been addressed by applying the emission trigger levels for an air quality impact analysis on the basis of emission units that comprise a single project under current review. The accumulation of emission changes over a five-year period is no longer required. This should significantly simplify the evaluation process.

The problem for new sources of PM_{10} emissions arises because many areas of the air basin frequently exceed the state PM_{10} ambient air quality standard as do most other air basins in the state. Yet, permitted stationary sources of PM_{10} account for only about 2 percent of total PM_{10} emissions in the County. To address this problem, proposed new Rules 20.2 and 20.3 would waive the requirement to demonstrate that such projects would not cause new violations of the state PM_{10} standard provided the emission increases from the project are offset at a ratio of at least 2.0 to 1.0, the project is constructed using Best Available Control Technology, and the air quality impacts from the project, without considering existing background levels, would not exceed 20 percent of the state standard. Such projects must also demonstrate that emission increases would not cause a violation of the national ambient air quality standard for PM_{10}. Representatives of the mineral industry and other affected businesses have worked closely with the District to develop this approach and support it.

Second, the San Diego Air Basin attains most state and federal ambient air quality standards and the District believes it is very important to ensure that projects will not cause the air basin to violate an ambient air quality standard or cause additional violations if a standard is already exceeded. The District has considerable experience in evaluating the air quality impacts of various projects and has found that in some cases the emissions of a single project alone can cause a violation of an air quality standard for which the District is currently in attainment, or additional violations of a standard for which the District is not in attainment. The consequences of allowing the region to slip from attainment to nonattainment (or further into nonattainment by allowing additional exceedances of the standard) are significant for all emission sources (stationary and motor vehicle). These consequences would be mandated by state or federal law. They include additional control equipment and emission offset requirements for new and modified sources, additional control requirements for existing sources, and possible additional transportation control measure requirements. The cost of meeting these additional nonattainment area requirements far outweighs the cost to businesses and industries to conduct the required air quality impact analyses. The cost of meeting additional attainment requirements would also outweigh the negative economic effects associated with the denial of an Authority to Construct for a new or modified business because it failed to meet the air quality impact analysis requirements.

Third, an emission offset-only approach will place even greater demands on a very limited supply of emission offsets. This could make it more difficult for future projects to be approved under the New Source Review rules.

Lastly, a requirement for additional offsets in lieu of an air quality impact analysis would require sources that currently conduct an air quality impact analysis to show they are in compliance with new source review requirements to provide costly and difficult to obtain offsets instead.

3. The extent to which emission increases from air pollution control projects mandated by District rules or state or federal requirements must be offset.

At issue are projects required by District rules to reduce air pollution (e.g. reductions in oxides of nitrogen) through the use of a control device that also causes emission increases of another pollutant (e.g. PM_{10} from selective catalytic reduction equipment) at a level that requires emission offsets. A request was made to exempt such pollution control projects from the emission offset requirements.

Both the ARB and EPA have advised the District that such an exemption could only be approved if the District provided the necessary offsetting emission reductions to compensate for the exempted emissions increases before an exemption was granted for a specific project. Accordingly, the District has added language to Rules 20.2 and 20.3 to provide offsetting emis-

sion reductions for such projects from a District Community Bank, but only to the extent that such offsets are available in the District Bank and only a maximum of 10 tons per year per project. This 10 tons per year limit (per project) ensures that a single large project does not consume all the offsets in the District Bank leaving no offsets for other projects. Other projects, such as essential public services, will also likely be placing demands for offsets available through the District's Bank. This should address the needs of most projects if adequate offsets are available in the Bank.

4. The extent to which emission offsets will be available to new and modified existing sources that trigger the lower offset thresholds of the proposed new rules.

   Even though emission offset requirements are mandated by state and federal Clean Air Acts, neither state or federal law provide mechanisms to ensure such offsets are available. Indeed, both the state and federal Clean Air Acts require additional stationary source, area source and mobile source emission control programs. These programs will significantly reduce the sources of emission offsets and tend to drive up the costs of offsets that are created in the future. The District is concerned there may not be sufficient emission offsets available to meet New Source Review rule requirements and allow the issuance of permits for new and expanding facilities in San Diego County. The District will work closely with permit applicants to assist them in finding the necessary offsets from stationary and mobile sources.

California Environmental Quality Act

The California Environmental Quality Act requires an environmental review for certain actions. An Initial Study of the possible environmental affects of the proposed changes to the District's New Source Review rules was prepared by the Environmental Planning Staff of the Department of Planning and Land Use (Environmental Review, Log No. 93-ZA-1, State Clearinghouse No. 93111017). After examination of the Initial Study, the Environmental Planning Staff, in a Notice of Negative Declaration dated November 2, 1993, found that the proposed revisions would not have a significant effect on the environment, and that an Environmental Impact Report need not be prepared pursuant to the San Diego County Procedures for Environmental Impact Review revised August, 1992. Public notice and a public review period for the proposed Negative Declaration were provided pursuant to provisions of the California Environmental Quality Act; no comments were received.

Socioeconomic Impact Assessment

State law requires that whenever a district proposes the adoption, amendment, or repeal of a rule or regulation that will significantly affect air quality or emissions limitations, the district must perform an assessment of the socioeconomic impacts of the action to the extent data is available. Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 will have a significant effect on air quality emissions limitations and, therefore, a socioeconomic impact assessment is required. The assessment concluded that inadequate data exists to perform a quantitative socioeconomic impact assessment, and generating the data would be very costly and the results highly speculative. The District and affected industry agreed that a qualitative rather than a quantitative analysis of the socioeconomic impacts of the proposed New Source Review rules would be performed as allowed by state law when inadequate data is available. The analysis showed that impacts are likely to be significant; however, the revised New Source Review program is required to satisfy state and federal law, and the state Air Resources Board would adopt a program for San Diego if the District fails to do so. Consequently, any adverse impacts on the regional economy and employment will occur regardless of whether the District adopts the revised New Source Review program or the Air Resources Board does it. The District met frequently and at length with affected businesses to discuss the proposed rules and made numerous significant changes to reduce adverse socioeconomic impacts.

SUBJECT: Adoption of New Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 (New Source Review), and Amendment of Rule 60 (Circumvention)

CEQA Fish and Game Exemption

State law (Chapter 1706, Statutes of 1990) requires a filing fee of $850 at the time lead agencies file a "Notice of Determination" with the County Clerk. The fee is remitted to the California Department of Fish and Game. However, no fee is required if the lead agency makes a "De Minimis Impact" finding, that there is no potential for adverse effect on wildlife if the project is approved. Considering the record before the District as a whole, there is no evidence that the deletion of the existing rules and the adoption of the proposed new rules and amendment of Rule 60 will have a potential for an adverse effect on wildlife resources or the habitat upon which the wildlife depends. On the basis of substantial evidence, the District has rebutted the presumption of adverse effect contained in Title 14, California Code of Regulations, Section 753.5(d)

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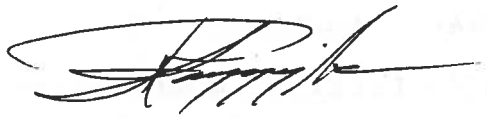
Concurrence:

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

R. J. SOMMERVILLE
Air Pollution Control Officer

AIR POLLUTION CONTROL BOARD
AGENDA ITEM
INFORMATION SHEET

SUBJECT: Adoption of New Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 - (New Source Review), and Amendment of Rule 60 (Circumvention)

SUPV DIST.: All

COUNTY COUNSEL APPROVAL: Form and Legality [X] Yes [ ] N/A 3/16/94
[ ] Standard Form [ ] Ordinance [X] Resolution

AUDITOR APPROVAL: [X] N/A [ ] Yes **4 VOTES:** [ ] Yes [X] No

FINANCIAL MANAGEMENT REVIEW: [ ] Yes [X] No

CONTRACT REVIEW PANEL: [ ] Approved _____ [X] N/A

CONTRACT NUMBER(S): N/A

PREVIOUS RELEVANT BOARD ACTION: APCB, December 15, 1987 (#1) - NSR APCB, February 2, 1993 (M.O. No. 2)

BOARD POLICIES APPLICABLE:

CITIZEN COMMITTEE STATEMENT: The Air Pollution Control District Advisory Committee recommended adoption of the proposed Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 at their January 26, 1994 meeting. Final proposed rule changes will be discussed at the March 23, 1994 Committee meeting. The Board will be advised of the Committee's final recommendation.

CONCURRENCES: N/A

ORIGINATING DEPARTMENT: N/A

CONTACT PERSON: Richard J. Smith, Deputy Director 750-3303 MS: 0-176

R.J. SOMMERVILLE
DEPARTMENT AUTHORIZED REPRESENTATIVE

MARCH 29, 1994
MEETING DATE

Resolution No. 94-181 Tuesday, May 17, 1994

Re Rules and Regulations of the)
Air Pollution Control District)
of San Diego County . . . . .)

RESOLUTION REPEALING EXISTING NEW SOURCE REVIEW RULES 20.1, 20.2, 20.3, 20.4 AND 20.7, AND ADOPTING NEW RULES 20.1, 20.2, 20.3, 20.4, 20.9 AND 20.10, AND AMENDING RULE 60 OF THE RULES AND REGULATIONS OF THE SAN DIEGO COUNTY AIR POLLUTION CONTROL DISTRICT

On motion of Member Bilbray, seconded by Member Williams the following resolution is adopted:

WHEREAS, the San Diego County Air Pollution Control District has been classified a "severe" area by the federal Environmental Protection Agency under the federal Clean Air Act regarding the national air quality standards for ozone (measured as ground-level ambient ozone); and

WHEREAS, the San Diego County Air Pollution Control District has been classified a "serious" area by the California Air Resources Board under the California Clean Air Act regarding the state ambient air quality standards for ozone; and

WHEREAS, approvable New Source Review rules must be submitted to the Environmental Protection Agency to avoid mandatory federal sanctions after July 15, 1994, and

WHEREAS, the San Diego County Air Pollution Control Board, pursuant to Section 40702 of the Health and Safety Code, adopted Rules and Regulations of the Air Pollution Control District of San Diego County; and

WHEREAS, said Board now desires to amend said Rules and Regulations; and

WHEREAS, notice has been given and a public hearing has been had relating to the amendment of said Rules and Regulations pursuant to Section 40725 of the Health and Safety Code; and

WHEREAS, the San Diego County Air Pollution Control District, pursuant to Section 40728.5 of the Health and Safety Code has performed an assessment of the socioeconomic impacts of adopting New Source Review Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 to the extent data are available, and the Air Pollution Control Board has actively considered the socioeconomic impacts of adopting Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10, and minimized adverse socioeconomic impacts, and

WHEREAS, an Initial Study of potential environmental effects from the adoption of proposed Rules 20.1, 20.2, 20.3, and 20.4 has been prepared by the County of San Diego Department of Planning and Land Use, pursuant to the California Environmental Quality Act, and said Initial Study concluded that the adoption of said rules will not have a significant effect on the environment.

NOW THEREFORE IT IS RESOLVED AND ORDERED that the San Diego Air Pollution Control Board finds that the proposed adoption of Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 will not have significant effect on the environment and that an Environmental Impact Report need not be prepared pursuant to the California Environmental Quality Act, and

BE IT FURTHER RESOLVED AND ORDERED by the San Diego County Air Pollution Control Board that the Rules and Regulations of the Air Pollution Control District of San Diego County be and hereby are amended as stated below, and

BE IT FURTHER RESOLVED that the Air Pollution Control Officer is directed to transmit this resolution to the California Air Resources Board and the United States Environmental Protection Agency.

Existing New Source Review Rules 20.1, 20.2, 20.3, 20.4 and 20.7 are repealed in their entirety. Proposed New Source Review Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10, and amended Rule 60 are to read as follows:

1. RULE 20.1. NEW SOURCE REVIEW - GENERAL PROVISIONS

(a) APPLICABILITY

Except as provided in Rule 11 or Section (b) of this rule, this rule applies to any new or modified emission unit, any replacement emission unit, any relocated emission unit or any portable emission unit for which an Authority to Construct or Permit to Operate is required pursuant to Rule 10, Rule 20.4 or Rule 20.10, or for which a Determination of Compliance is required pursuant to Rule 20.5.

(b) EXEMPTIONS

Except as provided below, the provisions of Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 shall not apply to:

(1) Any emission unit for which a permit is required solely due to a change in Rule 11, provided the unit was operated in San Diego County at any time within one-year prior to the date on which the permit requirements became applicable to the unit and provided a District permit application for the unit is submitted within one-year after the date upon which permit requirements became applicable to the unit. An emission unit to which this subsection applies, shall be included in the calculation of a stationary source's aggregate potential to emit, as provided in Subsection (d)(1)(ii).

(2) The following changes, provided such changes are not contrary to any permit condition, and the change does not result in an increase in the potential to emit of any air contaminant not previously emitted:

(i) Repair or routine maintenance of an existing emission unit.

(ii) A change of ownership.

(iii) An increase in the hours of operation.

(iv) Use of alternate fuel or raw material.

(3) Portable and stationary abrasive blasting equipment for which the California Air Resources Board has established standards pursuant to Sections 41900 and 41905 of the Health and Safety Code, and which comply with the requirements of 17 CCR Section 92000 et seq. This exemption shall not apply if the abrasive blasting equipment would be, by itself, a major stationary source, nor to any equipment used in conjunction with the abrasive blasting equipment the use of which may cause the issuance of air contaminants.

(4) Oxides of nitrogen (NOx) emission increases from new, modified or replacement emission units subject to the requirements of Rule 69(d)(11) shall not be subject to the offset provisions of Subsection (d)(5) of Rules 20.2, 20.3, or 20.9. Only those oxides of nitrogen (NOx) emission increases in compliance with Rule 69 and associated with generating capacity which the California Energy Commission or California Public Utilities Commission has determined a need for shall be eligible for this exemption.

(5) Pending applications for Authority to Construct or modified Permit to Operate received on or before *(31 days prior to date of adoption)*, provided that:

(i) The application was deemed complete before *(date of adoption)*, and

(ii) The application is not for equipment located at a major stationary source, and

(iii) Construction pursuant to an Authority to Construct will be completed within one year after issuance of the Authority to Construct. The Air Pollution Control Officer may extend the time period allowed for construction, on a case-by-case basis, if litigation prevents construction within the one-year period or the applicant has, at the time of issuance of the Authority to Construct, demonstrated that the complexity of the construction of the project is such that a one-year period would be insufficient to complete construction.

Such applications shall be subject to all of the provisions of Rules 20.1, 20.2, 20.3, 20.4 and 20.7 as they were in effect prior to *(date of adoption)*. Notwithstanding this exemption, the applicant may request that an application be evaluated pursuant to Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 as they are currently in effect.

(6) Pending applications for Authority to Construct or modified Permit to Operate for emission units located at major stationary sources, received on or before *(31 days prior to date of adoption)*, provided that:

(i) The application was deemed complete between November 15, 1992 and *(date of adoption)*, and

(ii) Construction pursuant to an Authority to Construct will be completed within one year after issuance of the Authority to Construct. The Air Pollution Control Officer may extend the time period allowed for construction, on a case-by-case basis, if litigation prevents construction within the one-year period or the applicant has, at the time of issuance of the Authority to Construct, demonstrated that the complexity of the construction of the project is such that a one-year period would be insufficient to complete construction.

Such applications shall be subject to all of the provisions of Rules 20.1, 20.2, 20.3, 20.4, and 20.7 as they were in effect prior to *(date of adoption)*, provided that the source complies with the 1990 federal Clean Air Act requirements for Lowest Achievable Emission Rate (LAER) and Emission Offsets. Notwithstanding this

exemption, the applicant may request that an application be evaluated pursuant to Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 as they are currently in effect.

(7) Piston engines used at airplane runways at military bases and which engines are used exclusively for purposes of hoisting cable to assist in the capture of errant aircraft during landings.

(8) Air compressors used exclusively to pressurize nuclear reactor containment domes, provided the compressors are not operated more than 50 hours over any two-year period, and that the compressors satisfy the Air Quality Impact Analysis (AQIA) provisions of Subsections (d)(2) of Rules 20.2 and 20.3 and Subsection (d)(3) of Rule 20.9, as applicable.

(9) The Best Available Control Technology (BACT) and Lowest Achievable Emission Rate (LAER) provisions of Subsection (d)(1) of Rules 20.2, 20.3 and 20.9 shall not apply to changes in the hours of operation as may be limited on an Authority to Construct or Permit to Operate, which change is necessary only for the purpose of satisfying Transportation Control Measure commitments previously made to and approved by the District and which change does not result in any increase in yearly emissions.

(10) Applications for modified Authority to Construct or modified Permit to Operate which are for the sole purpose of reducing an emission unit's potential to emit, which will not result in an actual emission reduction calculated pursuant to Rule 20.1(d)(4)(ii), shall be exempt from the BACT, LAER, AQIA and Emission Offset provisions of Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10.

(c) DEFINITIONS

For purposes of Rules 20.1, 20.2, 20.3, 20.4, 20.5, 20.9 and 20.10, the following definitions shall apply:

(1) "**Actual Emissions**" means the emissions of an emission unit calculated pursuant to Subsection (d)(2) of this rule.

(2) "**Actual Emission Reductions**" means emission reductions which are real, surplus, enforceable, and quantifiable and may be permanent or temporary in duration. Actual emission reductions shall be calculated pursuant to Subsection (d)(4) of this rule.

(3) "**Aggregate Potential to Emit**" means the sum of the post-project potential to emit of all emission units at the stationary source, calculated pursuant to Section (d).

(4) "**Air Quality Impact Analysis (AQIA)**" means an analysis of the air quality impacts of the air contaminant emissions from an emission unit or a stationary source, as applicable, conducted by means of modeling approved by the Air Pollution Control Officer. Methods other than modeling may be used, as the Air Pollution Control Officer and the federal Environmental Protection Agency may approve. An Air Quality Impact Analysis shall include an analysis of the impacts on State and National Ambient Air Quality Standards.

(5) "**Air Quality Increment**" means any of the following maximum allowable cumulative increases in air contaminant concentration from all increment consuming and increment expanding sources (see Tables 20.1-1 and 20.1-2).

TABLE 20.1 - 1
Air Quality Increments
(Class I Areas)

Air Contaminant	Increment
Nitrogen Dioxide (NO_2)	
Annual arithmetic mean	2.5 $\mu g/m^3$
Sulfur Dioxide (SO_2)	
Annual arithmetic mean	2.0 $\mu g/m^3$
24-hr. maximum	5.0 $\mu g/m^3$
3-hr. maximum	25.0 $\mu g/m^3$
Particulate Matter (PM_{10})	
Annual arithmetic mean	4.0 $\mu g/m^3$
24-hr. maximum	8.0 $\mu g/m^3$

TABLE 20.1 - 2
Air Quality Increments
(Class II Areas)

Air Contaminant	Increment
Nitrogen Dioxide (NO_2)	
Annual arithmetic mean	25.0 $\mu g/m^3$
Sulfur Dioxide (SO_2)	
Annual arithmetic mean	20.0 $\mu g/m^3$
24-hr. maximum	91.0 $\mu g/m^3$
3-hr. maximum	512.0 $\mu g/m^3$
Particulate Matter (PM_{10})	
Annual arithmetic mean	17.0 $\mu g/m^3$
24-hr. maximum	30.0 $\mu g/m^3$

(6) "**Area Fugitive Emissions**" means fugitive emissions of particulate matter (PM_{10}) which occur as a result of drilling, blasting, quarrying, stockpiling, front end loader operations and vehicular travel of haul roads used to move materials to, from or within a stationary source.

(7) "**Attainment**" means designated as attainment of the National Ambient Air Quality Standards (NAAQS) pursuant to Section 107(d) of the federal Clean Air Act or of the State Ambient Air Quality Standards (SAAQS) pursuant to Section 39608 of the California Health and Safety Code, as applicable.

(8) "**Baseline Concentration**" means the ambient concentration of an air contaminant for which there is an air quality increment, which existed in an impact area on the major and non-major source baseline dates. As specified by 40 CFR §52.21(b)(13), the baseline concentration includes the impact of actual emissions from any stationary source in

existence on the baseline date and the impacts from the potential to emit of Prevention of Significant Deterioration (PSD) stationary sources which commenced construction but were not in operation by the baseline date. The baseline concentration excludes impacts of actual emission increases and decreases at any stationary source occurring after the baseline date and actual emissions from any PSD stationary source which commenced construction after January 6, 1975. There are two baseline concentrations for any given impact area, a baseline concentration as of the major source baseline date and a baseline concentration as of the non-major source baseline date.

(9) "**Baseline Date**" means either the major source baseline date or non-major source baseline date, as applicable.

(10) "**Best Available Control Technology (BACT)**" means and is applied as follows:

(i) The lowest emitting of any of the following:

(A) The most stringent emission limitation, or the most effective emission control device or control technique, which has been proven in field application and which is cost-effective for such emission unit, unless the applicant demonstrates to the satisfaction of the Air Pollution Control Officer that such limitation, device or control technique is not technologically feasible, or

(B) Any emission control device, emission limitation or control technique which has been demonstrated but not necessarily proven in field application, and which is cost-effective, as determined by the Air Pollution Control Officer, unless the applicant demonstrates to the satisfaction of the Air Pollution Control Officer that such limitation, device or control technique is not technologically feasible, or

(C) Any alternative basic equipment, replacement of an emission unit with a lower emitting emission unit, installation of control equipment, process modifications, changes in raw material including alternate fuels, and substitution of equipment or processes with alternative equipment or processes, or any combination of these, determined by the Air Pollution Control Officer on a case-by-case basis to be technologically feasible and cost-effective, including transfers of technology from another category of source, or

(D) The most stringent emission limitation, or the most effective emission control device or control technique, contained in any State Implementation Plan (SIP) approved by the federal Environmental Protection Agency for such emission unit category, unless the applicant demonstrates to the satisfaction of the Air Pollution Control Officer that such limitation or technique has not been proven in field application, that it is not technologically feasible or that it is not cost-effective.

(ii) For modified emission units, the entire emission unit's post-project potential to emit shall be subject to BACT, except as follows. The provisions of this Subsection (c)(10)(ii) shall not apply to relocated or replacement emission units.

(A) BACT applies to the emissions increase associated with the modification and not the emission unit's entire potential to emit, if control technology, an emission limit or other emission controls meeting the BACT definition was previously applied to the unit.

(B) BACT applies to the emission unit's entire potential to emit, if the emission unit was previously subject to BACT, but BACT was determined to not be cost-effective, technologically feasible or proven in field application.

(C) BACT applies to the emissions increase associated with the emission unit and not the emission unit's entire potential to emit if the emissions increase associated with the modification is less than 25 percent of the emission unit's pre-project potential to emit and if the project's emission increase is less than the major modification thresholds of Table 20.1-5.

(iii) In no event shall application of BACT result in the emission of any air contaminant which would exceed the emissions allowed by any District rule or regulation, or by any applicable standard under 40 CFR Part 60 (New Source Performance Standards) or 40 CFR Part 61 (National Emission Standards for Hazardous Pollutants). Whenever feasible, the Air Pollution Control Officer may stipulate an emission limit as BACT instead of specifying control equipment. In making a BACT determination, the Air Pollution Control Officer shall take into account those environmental and energy impacts identified by the applicant.

(11) "**Class I Area**" means any area designated as Class I under Title I, Part C of the federal Clean Air Act. As of *(date of adoption)*, the Agua Tibia National Wilderness Area was the only area so designated within San Diego County. As of *(date of adoption)*, the following were the only designated Class I areas within 100 km of San Diego County (see Table 20.1-3):

TABLE 20.1 - 3
Class I Areas

Class I Area	Approximate Location
Agua Tibia Wilderness Area	San Diego County
Cucamonga Wilderness Area	80 km North - San Bernardino County
Joshua Tree Wilderness Area	40 km NE - Riverside County
San Gabriel Wilderness Area	90 km NW - Los Angeles County
San Gorgonio Wilderness Area	70 km North - San Bernardino County
San Jacinto Wilderness Area	30 km North - Riverside County

(12) "**Class II Area**" means any area not designated as a Class I area.

(13) "**Contemporaneous Emissions Increase**" means the sum of emission increases from new or modified emission units occurring at a stationary source within the preceding five years from the date the subject application was deemed complete, including all complete applications under District review. The sum of emission increases may be reduced by the following:

(i) Actual emission reductions occurring at the stationary source, and

(ii) Reductions in the potential to emit of a new or modified unit, which unit resulted in an emission increase within the five-year contemporaneous period at the stationary source. In no case shall the reduction in the potential to emit exceed the emission increases from the new or modified unit that occurred within the five-year contemporaneous period.

(14) "**Contiguous Property**" means two or more parcels of land with a common boundary or separated solely by a public or private roadway or other public or private right-of-way. Non-adjoining parcels of land which are connected by a process line, conveyors or other equipment shall be considered to be contiguous property. Non-adjoining parcels of land separated by bodies of water designated "navigable" by the U.S. Coast Guard, shall not be considered contiguous properties.

(15) "**Cost-Effective**" means that the annualized cost in dollars per pound of emissions of air contaminant(s) reduced does not exceed the highest cost per pound of emissions reduced by other control measures required to meet stationary source emission standards contained in these rules and regulations, for the specific air contaminant(s) under consideration, multiplied by the BACT Cost Multiplier indicated in Table 20.1- 4. When determining the highest cost per pound of emissions reduced by other control measures, the cost of measures used to comply with the requirements of New Source Review shall be excluded.

TABLE 20.1 - 4
BACT Cost Multiplier

Stationary Source's Post-Project Aggregate Potential to Emit	BACT Cost Multiplier
Potential < 15 tons/year	1.1
Potential ≥ 15 tons/year	1.5

(16) "**Emergency Equipment**" means an emission unit used to drive an electrical generator, an air compressor or a pump in emergency situations. Except for operation for maintenance purposes, emission units used for anything other than emergency situations shall not be considered emergency equipment. Maintenance operation shall be limited to no more than 52 hours per year. Emission units used for supplying power for distribution to an electrical grid shall not be considered emergency equipment.

(17) "**Emergency Situation**" means an unforeseen electrical power failure from the serving utility or of on-site electrical transmission equipment such as a transformer, an unforeseen flood or fire, or a life-threatening situation. In addition, operation of emergency generators at Federal Aviation Administration licensed airports for the purpose of providing power in anticipation of a power failure due to severe storm activity shall be considered an emergency situation. Emergency situations do not include operation for purposes of supplying power for distribution to an electrical grid, operation for training purposes, or other foreseeable event.

(18) "**Emission Increase**" means an increase in the potential to emit, calculated pursuant to Subsection (d)(3).

(19) "**Emission Unit**" means any article, machine, equipment, contrivance, process or process line, which emit(s) or reduce(s) or may emit or reduce the emission of any air contaminant.

(20) "**Emission Offsets**" means emission reductions used to mitigate emission increases, calculated pursuant to Subsection (d)(5).

(21) "**Enforceable**" means can be enforced by the District, the California Air Resources Board or the federal Environmental Protection Agency, including through either the State Implementation Plan (SIP) or inclusion of conditions on a permit.

(22) "**Essential Public Services**" means any of the following:

(i) Water, wastewater and wastewater-sludge treatment plants which are publicly owned or are public-private partnerships under public control. This shall not include facilities treating hazardous materials other than hazardous materials which may be used in the process or hazardous materials whose presence in the water, wastewater or wastewater sludge being treated is incidental.

(ii) Solid waste landfills and solid waste recycling facilities which are publicly owned or are public-private partnerships under public control, not including trash to energy facilities or facilities processing hazardous waste.

(23) "**Federal Land Manager**" means the National Park Service's Western Regional Director, the U.S. Forest Service's Pacific Southwest Regional Air Program Manager and the U.S. Fish and Wildlife Service.

(24) "**Fugitive Emissions**" means those quantifiable emissions which could not reasonably pass through a stack, chimney, flue, vent or other functionally equivalent opening.

(25) "**Impact Area**" means the circular area with the emission unit as the center and having a radius extending to the furthest point where a significant impact is expected to occur, not to exceed 50 kilometers.

(26) "**Increment Consuming**" means emission increases which consume an air quality increment. Emission increases which consume increment are those not accounted for in the baseline concentration, including:

(i) Actual emission increases occurring at any major stationary source after the major source baseline date, and

(ii) Actual emission increases from any non-major stationary source, area source, or mobile source occurring after the non-major source baseline date.

(27) "**Increment Expanding**" means actual emission reductions which increase an available air quality increment. Actual emission reductions which increase available increment include:

(i) Actual emission reductions occurring at any major stationary source after the major source baseline date, and

(ii) Actual emission reductions from any non-major stationary source, area source, or mobile source occurring after the non-major source baseline date.

(28) "**Lowest Achievable Emission Rate (LAER)**" means and is applied as follows:

(i) The lowest emitting of any of the following:

(A) The most stringent emission limitation, or most effective emission control device or control technique, contained in any State Implementation Plan (SIP) approved by the federal Environmental Protection Agency for such emission unit category, unless the applicant demonstrates to the satisfaction of the Air Pollution Control Officer that such emission limitation or technique is not achievable, or

(B) The most stringent emission limitation which is achieved in practice by such class or category of emission unit, or

(C) Best Available Control Technology (BACT).

(ii) For modified emission units, the entire emission unit's post-project potential to emit shall be subject to LAER, except as follows. The provisions of this Subsection (c)(28)(ii) shall not apply to relocated or replacement emission units.

(A) For existing emission units, LAER applies to the emissions increase associated with the modification and not the emission unit's entire potential to emit, if control technology, an emission limit or other emission controls meeting the LAER or BACT definition was previously applied to the unit.

(B) For existing emission units, LAER applies to the emission unit's entire potential to emit, if the emission unit was previously subject to BACT, but BACT was determined to not be cost-effective, technologically feasible or proven in field application.

(C) For existing emission units, LAER applies to the emissions increase associated with the emission unit and not the emission unit's entire potential to emit if the emissions increase associated with the modification is less than 25 percent of the emission unit's pre-project potential to emit and if the project's emission increase is less than the major modification thresholds of Table 20.1-5.

(iii) In no event shall application of LAER result in the emission of any air contaminant which would exceed the emissions allowed by any District rule or regulation, or by any applicable standard under 40 CFR Part 60 (New Source Performance Standards) or 40 CFR Part 61 (National Emission Standards for Hazardous Pollutants) as they exist on (*date of adoption*).

(29) "**Major Modification**" means a contemporaneous emissions increase equal to or greater than any of the emission rates listed in Table 20.1 - 5.

TABLE 20.1 - 5
Major Modification

Air Contaminant:	Emission Rate (Ton/yr)
Particulate Matter (PM_{10})	15
Oxides of Nitrogen (NOx)	25
Volatile Organic Compounds (VOC)	25
Oxides of Sulfur (SOx)	40
Carbon Monoxide (CO)	100
Lead (Pb)	0.6

(30) "**Major Source Baseline Date**" means January 6, 1975 for sulfur dioxide (SO_2) and particulate matter (PM_{10}), and February 8, 1988 for nitrogen dioxide (NO_2).

(31) "**Major Stationary Source**" means any stationary source which has, or will have after issuance of a permit, an aggregate potential to emit one or more air contaminants in amounts equal to or greater than any of the emission rates listed in Table 20.1 - 6. If the District is reclassified to a "serious" ozone non-attainment area by the federal Environmental Protection Agency, Table 20.1 - 6A shall be used.

TABLE 20.1 - 6
Major Stationary Source
Federal Severe Ozone Non-attainment Area

Air Contaminant:	Emission Rate (Ton/yr)
Particulate Matter (PM_{10})	100
Oxides of Nitrogen (NOx)	25
Volatile Organic Compounds (VOC)	25
Oxides of Sulfur (SOx)	100
Carbon Monoxide (CO)	100
Lead (Pb)	100

TABLE 20.1 - 6A
Major Stationary Source
Federal Serious Ozone Non-attainment Area

Air Contaminant:	*Emission Rate (Ton/yr)*
Particulate Matter (PM_{10})	*100*
Oxides of Nitrogen (NOx)	*50*
Volatile Organic Compounds (VOC)	*50*
Oxides of Sulfur (SOx)	*100*
Carbon Monoxide (CO)	*100*
Lead (Pb)	*100*

NOTE: The emission rates specified in this Table shall be used only if San Diego County has received final reclassification to a "serious" ozone non-attainment area by the federal Environmental Protection Agency. As of *(date of adoption)*, San Diego County was classified as a "severe" ozone nonattainment area by the federal Environmental Protection Agency.

(32) "**Modeling**" means the use of an applicable California Air Resources Board or federal Environmental Protection Agency approved air quality model to estimate ambient concentrations of air contaminants or to evaluate other air quality related data. Applicable state or federal guidelines shall be followed when performing modeling.

(33) "**Modified Emission Unit**" means any physical or operational change which results or may result in an increase in an emission unit's potential to emit, including those air contaminants not previously emitted. The following shall not be considered a modified emission unit, provided such a change is not contrary to any permit condition, and the change does not result in an increase in the potential to emit of any air contaminant:

(i) The movement of a portable emission unit from one stationary source to another.

(ii) Repair or routine maintenance of an existing emission unit.

(iii) An increase in the hours of operation.

(iv) Use of alternate fuel or raw material.

(34) "**Modified Stationary Source**" means a stationary source where a new or modified emission unit is or will be located or where a change in the aggregation of emission units occurs, including, but not limited to, the movement of a relocated emission unit to or from a stationary source or where a modification of an existing unit occurs. The following shall not be considered a modification of a stationary source:

(i) The replacement of an emission unit, provided there is no increase in the unit's potential to emit or in the potential to emit of any other unit at the stationary source.

(ii) The movement to or from the stationary source of any portable emission unit, provided there is no increase in the potential to emit of any other unit at the stationary source.

(35) "**National Ambient Air Quality Standards (NAAQS)**" means maximum allowable ambient air concentrations for specified air contaminants and monitoring periods as established by the federal Environmental Protection Agency (see Table 20.1 - 7).

(36) "**New Emission Unit**" means any of the following:

(i) Any emission unit not constructed, installed or operated in San Diego County as of *(date of adoption)*, or which does not hold a valid Authority to Construct or Permit to Operate from the District, except as provided for in Subsection (b)(1).

(ii) Any emission unit which was inactive for a one-year period or more and which did not hold a valid Permit to Operate during that period.

(37) "**New Major Stationary Source**" means a new or modified stationary source which was not major before the modification or new construction.

(38) "**New Stationary Source**" means a stationary source which prior to the project under review, did not contain any other permitted equipment.

(39) "**Non-Criteria Pollutant Emissions Significance Level**" means a contemporaneous emissions increase occurring at any new or modified PSD stationary source, equal to or greater than the amounts listed in Table 20.1 - 8.

TABLE 20.1 - 7

California and National Ambient Air Quality Standards

		California Standards		National Standards		
Pollutant	**Averaging Time**	**Concentration**	**Method**	**Primary**	**Secondary**	**Method**
Ozone	1 Hour	0.09 ppm	-	0.12 ppm (235 µg/m3)	Same as Primary	Ethylene Chemiluminescence
Carbon Monoxide	8 Hour	9.0 ppm (10 mg/m3)	Non-Dispersive Infrared Spectroscopy (NDIR)	9 ppm (10 mg/m3)	-	Non-Dispersive Infrared Spectroscopy (NDIR)
	1 Hour	20 ppm (23 mg/m3)		35 ppm (40 mg/m3)		
Nitrogen Dioxide	Annual Average	-	Gas Phase Chemiluminescence	0.053 ppm (100 µg/m3)	Same as Primary Standards	Gas Phase Chemiluminescence
	1 Hour	0.25 ppm (470 µg/m3)		-		
Sulfur Dioxide	Annual Average	-	Ultraviolet Fluorescence	80 µg/m3 (0.03 ppm)	-	Pararosaniline
	24 Hour	0.04 ppm (105 µg/m3)		365 µg/m3 (0.14 ppm)	-	
	3 Hour	-		-	1300 µg/m3 (0.5 ppm)	
	1 Hour	0.25 ppm (655 µg/m3)		-	-	
Suspended Particulate Matter (PM 10)	Annual Mean	30 µg/m3	Size Selective Inlet High Volume Sampler	50 µg/m3	-	High Volume Sampling
	24 Hour	50 µg/m3		150 µg/m3		
Sulfates	24 Hour	25 µg/m3	Turbidimetric Barium Sulfate	-	-	-
Lead	30 Day Average	1.5 µg/m3	Atomic Absorption	-	-	Atomic Absorption
	Calendar Quarter	-		1.5 µg/m3	Same as Primary	
Hydrogen Sulfide	1 Hour	0.03 ppm (42 µg/m3)	Cadmium Hydroxide Stractan	-	-	-
Vinyl Chloride (Chloroethene)	24 Hour	0.010 ppm (26 µg/m3)	Tedlar Bag Collection, Gas Chromatography	-	-	-
Visibility Reducing Particles	1 Observation	In sufficient amount to produce an extinction coefficient of 0.23 per kilometer due to particles when relative humidity < 70%. Measurement in accordance with ARB Method V.		-	-	-

Notes to Table 20.1 - 7

1. California standards, other than ozone, carbon monoxide, sulfur dioxide (1 hour), nitrogen dioxide, and particulate matter (PM_{10}), are values that are not to be equaled or exceeded. The ozone, carbon monoxide, sulfur dioxide (1 hour), nitrogen dioxide, and particulate matter (PM_{10}) standards are not to be exceeded.
2. National standards, other than ozone and those based on annual averages or annual geometric means, are not to be exceeded more than once a year. The ozone standard is attained when the expected number of days per calendar year with maximum hourly average concentrations above standard is equal to or less than one.
3. Concentration expressed first in units in which it was promulgated. Equivalent units given in parentheses are based upon a reference temperature of 25°C and a reference pressure of 760 mm of mercury. All measurements of air quality are to be corrected to a reference temperature of 25°C and a reference pressure of 760 mm of mercury (1,013.2 millibar). Ppm in this table refers to ppm by volume or micromoles of pollutant per mole of gas.
4. Any equivalent procedure that can be shown to the satisfaction of the Air Resources Board to give equivalent results at or near the level of the air quality standard may be used.
5. National Primary Standards: The levels of air quality necessary, with an adequate margin of safety, to protect the public health. Each state must attain the primary standards within a specified number of years after that state's implementation plan is approved by the Environmental Protection Agency (EPA).
6. National Secondary Standards: The levels of air quality necessary to protect the public welfare from any known or anticipated adverse effects of a pollutant. Each state must attain the secondary standards within a "reasonable time" after the implementation plan is approved by the EPA.
7. Reference method as described by the EPA: An "equivalent method" of measurement may be used but must have a "consistent relationship to the reference method" and must be approved by the EPA.
8. Prevailing visibility is defined as the greatest visibility that is attained or surpassed around at least half of the horizon circle but not necessarily in continuous sector.
9. The annual PM_{10} state standard is based on the geometric mean of all reported values taken during the year. The annual PM_{10} national standard is based on averaging the quarterly arithmetic means.

TABLE 20.1 - 8
Non-Criteria Pollutant Emissions Significance Levels

Air contaminant:	Emission Rate (Ton/yr)
Asbestos	0.007
Beryllium	0.0004
Fluorides	3
Hydrogen Sulfide (H_2S)	10
Mercury	0.1
Reduced Sulfur Compounds	10
Sulfuric Acid Mist	7
Vinyl Chloride	1
Trichlorofluoromethane (CFC-11)	100
Dichlorodifluoromethane (CFC-12)	100
Trichlorotrifluoromethane (CFC-113)	100
Dichlorotetrafluoroethane (CFC-114)	100
Chloropentafluoroethane (CFC-115)	100
Bromochlorodifluoromethane (Halon - 1191)	100
Bromotrifluoromethane (Halon - 1301)	100
Dibromotetrafluoroethane (Halon - 2402)	100

(40) "**Non-Major Source Baseline Date**" means December 8, 1983 for sulfur dioxide (SO_2). For particulate matter (PM_{10}) and nitrogen dioxide (NO_2), the non-major source baseline date is the date after August 7, 1977 or February 8, 1988, respectively, when the first Authority to Construct application for any stationary source which will be a PSD Major Stationary Source for PM_{10} or NOx or which is a PSD Major Modification for PM_{10} or NOx as applicable, is deemed complete. As of *(date of adoption)*, neither the particulate matter nor the nitrogen dioxide non-major source baseline date have been established.

(41) "**Offset Ratio**" means the required proportion of emission offsets to emission increases, as specified in Rules 20.2, 20.3, 20.4, 20.9 or 20.10.

(42) "**Particulate Matter or Particulate Matter (PM_{10})**" means particulate matter with an aerodynamic diameter less than or equal to a nominal 10 microns. For non-fugitive emissions, methods found in Title 17, California Code of Regulations, Section 94100 et seq. or any applicable test method approved by the Air Pollution Control Officer, shall be used to measure PM_{10}.

(43) "**Permanent**" means enforceable and which will exist for an unlimited period of time.

(44) "**Portable Emission Unit**" means an emission unit which is designed and equipped to be easily movable and, as installed, easily capable of being moved from one stationary source to another, as determined by the Air Pollution Control Officer. Portable emission units are periodically moved and may not be located more than 180 days at any one stationary source within any consecutive 12-month period. Days when portable emission units are stored in a designated holding or storage area shall not be counted towards the 180-day limit, provided the emission unit was not operated on that calendar day except for maintenance and was in the designated holding or storage area the entire calendar day. In order for an emission unit to qualify as a portable emission unit, the applicant must request such a classification. Emission units intended to be used exclusively at one stationary source shall not be considered portable emission units. Emission units which exceed the 180-day limit will be considered as relocated equipment and will be subject to the applicable requirements for relocated emission units contained in Rules 20.1, 20.2, 20.3 and 20.9.

(45) "**Post-Project Potential to Emit**" means an emission unit's potential to emit after issuance of an Authority to Construct for the proposed project, calculated pursuant to Section (d).

(46) "**Potential to Emit**" means the maximum quantity of air contaminant emissions, including fugitive emissions, that an emission unit is capable of emitting or permitted to emit, calculated pursuant to Section (d).

(47) "**Precursor Air Contaminants**" means any air contaminant which forms or contributes to the formation of a secondary air contaminant for which an ambient air quality standard exists. For purposes of this rule, the precursor relationships are listed in Table 20.1 - 9:

TABLE 20.1 - 9
Precursor Air Contaminants

Precursor Air Contaminant	Secondary Air Contaminant
NOx	NO_2 PM_{10} Ozone
VOC	PM_{10} Ozone
SOx	SO_2 PM_{10}

(48) "**Pre-Project Actual Emissions**" means an emission unit's actual emissions prior to issuance of an Authority to Construct for the proposed project, calculated pursuant to Section (d).

(49) "**Pre-Project Potential to Emit**" means an emission unit's potential to emit prior to issuance of an Authority to Construct for proposed project, calculated pursuant to Section (d).

(50) "**Project**" means an emission unit or aggregation of emission units for which an application or combination of applications for Authority to Construct or modified Permit to Operate is under District review.

(51) "**Proven in Field Application**" means demonstrated in field application, to be reliable, in continuous compliance and maintaining a stated emission level for a period of at least one-year, as determined by the Air Pollution Control Officer.

(52) "**PSD Modification**" means a contemporaneous emissions increase occurring at a modified PSD stationary source equal to or greater than the amounts listed in Table 20.1 - 10:

TABLE 20.1 - 10
PSD Modification

Air contaminant:	Emission Rate (Ton/yr)
Particulate Matter (PM_{10})	15
Oxides of Nitrogen (NOx)	40
Volatile Organic Compounds (VOC)	40
Oxides of Sulfur (SOx)	40
Carbon Monoxide (CO)	100
Lead and Lead Compounds (Pb)	0.6

(53) "**PSD Stationary Source or Prevention of Significant Deterioration Stationary Source**" means any stationary source, as specified in Table 20.1 - 11, which has, or will have after issuance of a permit, an aggregate potential to emit one or more air contaminants in amounts equal to or greater than any of the emission rates listed in Table 20.1 - 11:

TABLE 20.1 - 11
PSD Stationary Sources and Trigger Levels

For stationary sources consisting of:

1. Fossil fuel fired steam electrical plants of more than 250 MM Btu/hr heat input
2. Fossil fuel boilers or combinations thereof totaling more than 250 MM Btu/hr of heat input
3. Municipal incinerators capable of charging more than 250 tons of refuse per day
4. Petroleum storage and transfer units with a total storage capacity exceeding 300,000 barrels
5. Charcoal production plants
6. Chemical process plants
7. Coal cleaning plants with thermal dryers
8. Coke oven batteries
9. Fuel conversion plants
10. Furnace process carbon black plants
11. Glass fiber processing plants
12. Hydrofluoric acid plants
13. Iron and steel mill plants
14. Kraft pulp mills
15. Lime plants
16. Nitric acid plants
17. Phosphate rock processing plants
18. Petroleum refineries
19. Primary aluminum ore reduction plants
20. Primary copper smelters
21. Primary lead smelters
22. Primary zinc smelters
23. Portland cement plants
24. Secondary metal production plants
25. Sintering plants
26. Sulfuric acid plants
27. Sulfur recovery plants
28. Taconite ore processing plants

The following emission rates:

Air Contaminant	(Ton/yr)
Particulate Matter (PM_{10})	100
Oxides of Nitrogen (NOx)	100
Volatile Organic Compounds (VOC)	100
Oxides of Sulfur (SOx)	100
Carbon Monoxide (CO)	100

For all other stationary sources:

Air Contaminant	(Ton/yr)
Particulate Matter (PM_{10})	250
Oxides of Nitrogen (NOx)	250
Volatile Organic Compounds (VOC)	250
Oxides of Sulfur (SOx)	250
Carbon Monoxide (CO)	250

(54) "**Quantifiable**" means that a reliable basis for calculating the amount, rate, nature and characteristics of an emission reduction can be established, as determined by the Air Pollution Control Officer.

(55) "**Real**" means actually occurring and which will not be replaced, displaced or transferred to another location within San Diego County.

(56) "**Relocated Emission Unit**" means a currently permitted emission unit or grouping of such units, which is to be moved within San Diego County from one stationary source to another stationary source. The moving of a portable emission unit shall not be considered a relocated emission unit.

(57) "**Replacement Emission Unit**" means an emission unit which supplants another emission unit where the replacement emission unit serves the same function and purpose as the emission unit being replaced, as determined by the Air Pollution Control Officer. Identical replacements as specified in Rule 11 shall not be considered to be a replacement emission unit.

(58) "**Secondary Emissions**" means emissions which would occur as a result of the construction, operation or modification of a PSD stationary source, but which are not directly emitted from any emission unit at the stationary source. Except as provided below, secondary emissions exclude emissions which come directly from mobile sources, such as emissions from the tailpipe of a motor vehicle. Secondary emissions include, but are not limited to:

(i) Emissions from ships or trains coming to or from the stationary source, unless such emissions are regulated by Title II of the federal Clean Air Act, and

(ii) Emission increases from any emission unit at a support facility not located at the stationary source, but which would not otherwise be constructed or increase emissions, and

(iii) Emissions from any emission unit mounted on a ship, boat, barge, train, truck or trailer, where the operation of the emission unit is dependent upon, or affects the process or operation (including duration of operation) of any emission unit located on the stationary source.

(59) "**Significant Impact**" means an increase in ambient air concentration, resulting from emission increases at a new or modified stationary source, equal to or greater than any of the levels listed in Tables 20.1 - 12 and 20.1 - 13:

TABLE 20.1 - 12
Stationary Sources Impacting Any Class I Area

Air Contaminant	Significant Impact (24-hour Maximum)
Particulate Matter (PM_{10})	1.0 $\mu g/m^3$
Nitrogen Dioxide (NO_2)	1.0 $\mu g/m^3$
Sulfur Dioxide (SO_2)	1.0 $\mu g/m^3$
Carbon Monoxide (CO)	1.0 $\mu g/m^3$

TABLE 20.1 - 13
Stationary Sources Impacting Any Class II Area

Air Contaminant	Significant Impact
Particulate Matter (PM_{10})	
Annual arithmetic mean	1.0 $\mu g/m^3$
24-hr. maximum	5.0 $\mu g/m^3$
Nitrogen Dioxide (NO_2)	
Annual arithmetic mean	1.0 $\mu g/m^3$
Sulfur Dioxide (SO_2)	
Annual arithmetic mean	1.0 $\mu g/m^3$
24-hr. maximum	5.0 $\mu g/m^3$
Carbon Monoxide (CO)	
8-hr. maximum	500.0 $\mu g/m^3$
1-hr. maximum	2000.0 $\mu g/m^3$

(60) "**State Ambient Air Quality Standards (SAAQS)**" means the maximum allowable ambient air concentrations for specified air contaminants and monitoring periods as established by the California Air Resources Board (see Table 20.1 - 7).

(61) "**Stationary Source**" means an emission unit or aggregation of emission units which are located on the same or contiguous properties and which units are under common ownership or entitlement to use. Stationary sources also include those emission units or aggregation of emission units located in the California Coastal Waters.

(62) "**Surplus**" means in excess of the State Implementation Plan, federal Clean Air Act and California Clean Air Act requirements, Regional Air Quality Strategy, or any District, State or federal law, rule, regulation, order or permit condition, and in excess of emission reductions which have been banked or otherwise committed for air quality purposes ~~as of the date the subject application is deemed complete~~ as specified by Rule 26.2.

(63) "**Temporary**" means enforceable, existing and valid for a specified, limited period of time.

(64) "**Volatile Organic Compound (VOC)**" means any volatile compound containing at least one atom of carbon excluding methane, carbon monoxide, carbon dioxide, carbonic acid, metallic carbides or carbonates, ammonium carbonates, and exempt compounds. Exempt compound means any of the compounds listed in Table 20.1 - 14:

TABLE 20.1 - 14
Exempt Compounds

Chlorodifluoromethane (HCFC-22)
1,1,1-Trifluoro - 2,2 dichloroethane (HCFC-123)
2-chloro-1,1,1,2-tetrafluoroethane (HCFC-124)
Pentafluoroethane (HFC-125)
1,1,2,2-Tetrafluoroethane (HFC-134)
1,1,1,2-Tetrafluoroethane (HFC-134a)
1,1-Dichloro-1-fluoroethane (HCFC-141b)
1-Chloro-1,1-difluoroethane (HCFC-142b)
1,1,1-Trifluoroethane (HFC-143a)
1,1-Difluoroethane (HFC-152a)
Perfluorocarbon compounds which fall into these classes:
- Cyclic, branched, or linear, completely fluorinated alkanes
- Cyclic, branched, or linear, completely fluorinated ethers with no unsaturations
- Cyclic, branched, or linear, completely fluorinated tertiary amines with no unsaturations, and
- Sulfur containing perfluorocarbons with no unsaturations and with sulfur bonds only to carbon and fluorine

Methylene chloride
1,1,1-Trichloroethane
Trifluoromethane (HFC-23)
Trichlorofluoromethane (CFC-11)
Dichlorodifluoromethane (CFC-12)
1,1,1-Trichloro-2,2,2,-trifluoroethane (CFC-113)
1,2,-Dichloro-1,1,2,2-tetrafluoroethane (CFC-114)
Chloropentafluoroethane (CFC-115)

(d) EMISSION CALCULATIONS

(1) POTENTIAL TO EMIT

The potential to emit of each air contaminant shall be calculated on an hourly, daily and yearly basis.

(i) Calculation of Potential to Emit

Except as provided in Subsections (d)(1)(i)(A), (B), and (C), the potential to emit shall be calculated based on the maximum design capacity or other operating conditions which reflect the maximum potential emissions, including fugitive emissions.

(A) Permit Limitations Shall be Used

If specific limiting conditions contained in an Authority to Construct or Permit to Operate restrict or will restrict emissions to a lower level, these limitations shall be used to calculate the potential to emit.

(B) Potential to Emit Shall Not Exceed Maximum Potential

If specific conditions limiting a unit's pre-project potential to emit are not contained in an Authority to Construct or Permit to Operate, the pre-project

potential to emit shall be limited to the emission unit's actual emissions or to a lower level of emissions, as the applicant and the Air Pollution Control Officer may agree, provided such limitation is enforceable through permit conditions and does not violate any District, state or federal law, rule, regulation, order or permit condition. The Air Pollution Control Officer may base the pre-project potential to emit on the highest level of emissions occurring during a one-year period within the five-year period preceding the receipt date of the application, provided that the emission level was not in excess of any District, state or federal law, rule, regulation, order or permit condition. If the potential to emit is being determined for purposes of calculating an actual emission reduction, the provisions of Subsection (d)(2) shall apply.

(C) Calculation of Pre-Project Potential to Emit for Emission Units Located at Major Stationary Sources

If a new or modified emission unit is or will be located at a major stationary source, the pre-project potential to emit of the emission unit shall be calculated as follows, unless an Authority to Construct or Permit to Operate has been issued pursuant to the current version of Rules 20.1, 20.2, 20.3, 20.4, 20.9 or 20.10. For purposes of determining the post-project aggregate potential to emit pursuant to Subsection (d)(1)(ii), these calculation procedures shall not apply to emission units not being modified and instead the procedures of Subsections (d)(1)(i)(A) and (B) shall apply.

(1) If an emission unit's pre-project actual emissions are less than 80 percent of the emission unit's potential to emit calculated pursuant to Subsections (d)(1)(i)(A) and (B), then the emission unit's pre-project potential to emit shall be the same as the unit's actual emissions.

(2) If an emission unit's pre-project actual emissions are equal to or greater than 80 percent of the emission unit's potential to emit calculated pursuant to Subsection (d)(1)(i)(A) and (B), then the emission unit's pre-project potential to emit shall be as calculated pursuant to Subsection (d)(1)(i)(A) and (B).

(ii) **Calculation of Aggregate Potential to Emit - Stationary Source**

Except as provided for below in Subsections (d)(1)(ii)(A), (B), and (C), the aggregate potential to emit of a stationary source shall be calculated as the sum of the post-project potential to emit of all emission units permitted for the stationary source. including emission units under District review for permit and those to which Subsection (b)(1) applies.

(A) Permit-Exempt Equipment

The potential to emit of emission units exempt from permit requirements by Rule 11 shall not be included in the aggregate potential to emit of a stationary source, unless the applicant and the Air Pollution Control Officer agree to place all such emission units which would be classified under the same class or category of source under permit for purposes of creating emission reduction credits. In such case, the potential to emit of each such emission unit shall be included in the stationary source's aggregate potential to emit.

(B) Emergency Equipment

The potential to emit from the maintenance operation of emergency equipment shall be included in the calculation of a stationary source's aggregate potential to emit. The potential to emit from operation of emergency equipment during emergency situations shall be excluded from the calculation of a stationary source's aggregate potential to emit.

(C) Portable Emission Units

Portable emission units shall be excluded from the calculation of a stationary source's aggregate potential to emit.

(2) ACTUAL EMISSIONS

Actual emissions are calculated based on the actual operating history of the emission unit.

(i) **Time Period for Calculation**

(A) Actual emissions of an existing emission unit shall be calculated on an operating hour, day and year basis averaged over the most representative two consecutive years within the five years preceding the receipt date of an application, as determined by the Air Pollution Control Officer.

(B) For emission units which have not been operated for a consecutive two-year period which is representative of actual operations within the five years preceding the receipt date of the application, the calculation of actual emissions shall be based on any two one-year operating periods determined by the Air Pollution Control Officer to be representative within that five-year period. If a representative two-year operating time period does not exist, the calculation of actual emissions shall be based on the total operational time period within that five-year period.

(ii) **Time Periods Less Than Six Months - Potential to Emit**

For determining potential to emit, actual emissions for emission units operated for a period less than six months shall be based on the longest operating time period determined by the Air Pollution Control Officer to be most representative of actual operations.

(iii) **Adjustments For Determining Actual Emission Reductions**

The following adjustments shall be made in determining actual emission reductions:

(A) Units Permitted and Operated Less Than Two Years

If an emission unit has been permitted and operated for a period less than two years, the emission unit's actual emissions (in tons per year) shall be calculated as the unit's actual emissions (in tons) over the actual operating time period times the actual operating time period in days divided by 1460 days.

(B) Adjustments for Rule Violations

If an emission unit was operated in violation of any District, state or federal law, rule, regulation, order or permit condition during the period used to determine actual emissions, the actual emissions shall be adjusted to reflect the level of emissions which would have occurred if the emission unit had not been in violation.

(C) Adjustments for Federal Reasonably Available Control Technology (RACT)

Actual emission reductions shall exclude emission reductions which would have occurred had RACT requirements, determined by the Air Pollution Control Officer to meet the requirements of the 1990 federal Clean Air Act Amendments, been applied.

(3) EMISSION INCREASE

A project's or emission unit's emission increase shall be calculated as follows:

(i) **New Emission Units**

Emission increases from a new project or emission unit shall be calculated by using the potential to emit for the project or emission unit.

(ii) **Modified Emission Units**

Emission increases from a modified project or emission unit shall be calculated as the project's or emission unit's post-project potential to emit minus the project's or emission unit's pre-project potential to emit.

(iii) **Relocated Emission Units**

Emission increases from a relocated project or emission unit shall be calculated as the project's or emission unit's post-project potential to emit minus the project's or emission unit's pre-project potential to emit.

(iv) **Replacement Emission Units**

Emission increases from a replacement project or emission unit shall be calculated as the replacement project's or emission unit's post-project potential to emit minus the existing project's or emission unit's pre-project potential to emit.

(v) **Portable Emission Units**

Emission increases from a portable emission unit shall be calculated as the emission unit's post-project potential to emit minus the emission unit's pre-project potential to emit.

(vi) **Determining Emission Increases for AQIA Trigger Levels**

When calculating emission increases for purposes of comparing with the Air Quality Impact Analysis (AQIA) trigger levels of Rules 20.2, 20.3 or 20.9, area fugitive emissions of particulate matter (PM_{10}) shall be excluded from the pre-project potential to emit and the post-project potential to emit calculations, unless the Air

Pollution Control Officer determines, on a case-by-case basis, that a project's area fugitive emissions of PM_{10} must be evaluated in order to protect public health and welfare.

(4) EMISSION REDUCTION - POTENTIAL TO EMIT & ACTUAL EMISSION REDUCTION

A project's or emission unit's emission reduction shall be calculated as follows:

(i) **Reduction in the Potential to Emit**

(A) Modified Emission Units

Reduction in the potential to emit for a modified project or emission unit shall be calculated as the project's or emission unit's pre-project potential to emit minus the project's or emission unit's post-project potential to emit.

(B) Relocated Emission Units

Reduction in the potential to emit for a relocated project or emission unit shall be calculated as the project's or emission unit's pre-project potential to emit minus the project's or emission unit's post-project potential to emit.

(C) Replacement Emission Units

Reduction in the potential to emit for a replacement project or emission unit shall be calculated as the existing project's or emission unit's pre-project potential to emit minus the replacement project's or emission unit's post-project potential to emit.

(D) Portable Emission Units

Reduction in the potential to emit for a portable emission unit shall be calculated as the emission unit's pre-project potential to emit minus the emission unit's post-project potential to emit.

(ii) **Actual Emission Reduction**

Notwithstanding any other provision of this rule, actual emissions calculated pursuant to Subsection (d)(2) shall be used for purposes of determining an actual emission reduction in accordance with this Subsection (d)(4)(ii). An actual emission reduction must be real, surplus, enforceable, quantifiable and may be permanent or temporary in duration. A temporary actual emission reduction shall be identified as temporary and shall include a specific date beyond which the reductions are no longer valid.

(A) Shutdowns

Actual emission reductions from the shutdown of an emission unit shall be calculated based on the emission unit's pre-project actual emissions.

(B) Modified Emission Units

Actual emission reductions from a modified project or emission unit shall be calculated as the project's or emission unit's pre-project actual emissions minus the project's or emission unit's post-project potential to emit.

(C) Relocated Emission Units

Actual emission reductions from a relocated project or emission unit shall be calculated as the project's or emission unit's pre-project actual emissions minus the project's or emission unit's post-project potential to emit.

(D) Replacement Emission Units

Actual emission reductions from a replacement project or emission unit shall be calculated as the existing project's or emission unit's pre-project actual emissions minus the replacement project's or emission unit's post-project potential to emit.

(E) Portable Emission Units

Actual emission reductions from a portable emission unit shall be calculated as the emission unit's pre-project actual emissions minus the emission unit's post-project potential to emit.

(5) EMISSION OFFSETS

Emission offsets are actual emission reductions which are provided to mitigate emission increases. Emission offsets must meet the applicable criteria specified in Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10.

(i) Emission offsets shall consist of actual emission reductions calculated in accordance with Subsection (d)(4)(ii) or shall be Class 'A' Emission Reduction Credits pursuant to Rule 26.0 et seq. In order to be considered an emission offset, actual emission reductions or Emission Reduction Credits must be valid for the life of the emission increase which they are offsetting.

(ii) In order to qualify as an emission offset, actual emission reductions shall be banked pursuant to District Banking Rules 26.0 et seq., unless the actual emission reductions are being proposed to offset emission increases occurring concurrently at the stationary source. In such a case, the Air Pollution Control Officer may choose to administratively forego the issuance of Emission Reduction Credits.

(iii) Emission offsets shall be in effect and enforceable at the time of startup of the emission unit requiring the offsets. Emission offsets must be federally enforceable if the source is major for the pollutant for which offsets are being provided. If interpollutant offsets are being provided, the offsets must be federally enforceable if the pollutant they are offsetting is major.

(iv) Emission offsets shall be provided on a ton per year basis.

(v) Emission offsets shall be located in San Diego County.

(e) OTHER PROVISIONS

(1) CONTINUITY OF EXISTING PERMITS

All of the conditions contained in any Authority to Construct or Permit to Operate issued prior to *(date of adoption)* shall remain valid and enforceable for the life of the Authority to Construct or Permit to Operate, unless specifically modified by the District.

2. RULE 20.2. NEW SOURCE REVIEW - NON-MAJOR STATIONARY SOURCES

(a) APPLICABILITY

This rule applies to any new or modified stationary source, to any new or modified emission unit and to any relocated emission unit being moved from a stationary source provided that after completion of the project, the stationary source is not a major stationary source.

(b) EXEMPTIONS

The exemptions contained in Rule 20.1, Section (b) apply to this rule. In addition, for purposes of this rule, the following exemptions shall apply.

(1) Emission units which are to be temporarily relocated to another stationary source shall be exempt from the provisions of Subsection (d)(1)(ii), provided that:

(i) The emission unit is not being modified,

(ii) There is no increase in the emission unit's potential to emit,

(iii) The unit is not located for more than 180 days at the stationary source where it is moved to, and

(iv) The emission unit is not located at more than two stationary sources over any 365-day period.

(2) Emission units which are intended to be permanently relocated to another stationary source shall be exempt from the provisions of Subsection (d)(1)(ii), provided that:

(i) There is no increase in the emission unit's potential to emit,

(ii) The relocation occurs within 10 miles of the previous stationary source, and

(iii) The relocated emission unit commences operating at the stationary source it was relocated to within one year of the emission unit ceasing operations at its previous stationary source.

(c) DEFINITIONS

The definitions contained in Rule 20.1, Section (c) apply to this rule.

(d) STANDARDS

(1) BEST AVAILABLE CONTROL TECHNOLOGY (BACT)

The Air Pollution Control Officer shall deny an Authority to Construct for any emission unit subject to this rule unless the applicant demonstrates that the following requirements will be satisfied:

(i) **New or Modified Emission Units**

Any new or modified emission unit which has any increase in its potential to emit and which unit has a post-project potential to emit of 10 pounds per day or more of particulate matter (PM_{10}), oxides of nitrogen (NOx), volatile organic compounds (VOC), oxides of sulfur (SOx), or carbon monoxide (CO), shall be equipped with Best Available Control Technology (BACT) for each such air contaminant.

(ii) **Relocated Emission Units**

Except as provided for in Subsections (b)(1) and (b)(2), any relocated emission unit with a post-project potential to emit of 10 pounds per day or more of particulate matter, oxides of nitrogen, volatile organic compounds, oxides of sulfur, or carbon monoxide, shall be equipped with BACT for each such air contaminant.

(iii) **Replacement Emission Units**

Any replacement emission unit with a post-project potential to emit of 10 pounds per day or more of particulate matter, oxides of nitrogen, volatile organic compounds, oxides of sulfur, or carbon monoxide, shall be equipped with BACT for each such air contaminant.

(iv) **Emergency Equipment Emission Units**

Any new or modified emergency equipment emission unit which has any increase in its potential to emit and which unit has a post-project potential to emit of 10 pounds per day or more of particulate matter, oxides of nitrogen, volatile organic compounds, oxides of sulfur, or carbon monoxide, shall be equipped with BACT for each such air contaminant. BACT shall apply based on the unit's maintenance emissions and excluding the unit's emissions while operating during emergency situations.

(2) **AIR QUALITY IMPACT ANALYSIS (AQIA)**

The Air Pollution Control Officer shall deny an Authority to Construct for any emission unit subject to this rule unless the following requirements are satisfied. Area fugitive emissions of particulate matter (PM_{10}) shall not be included in the demonstrations required below, unless the Air Pollution Control Officer determines, on a case-by-case basis, that a project's area fugitive emissions of PM_{10} must be evaluated in order to protect public health and welfare.

(i) **AQIA for New or Modified Emission Unit**

For each project which results in an emissions increase equal to or greater than any of the amounts listed in Table 20.2 - 1, the applicant shall demonstrate to the satisfaction of the Air Pollution Control Officer through an Air Quality Impact Analysis (AQIA), that the project will not:

(A) cause a violation of a state or national ambient air quality standard anywhere that does not already exceed such standard, nor

(B) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded, nor

(C) cause additional violations of a state ambient air quality standard anywhere the standard is already being exceeded, except as provided for in Subsection (d)(2)(v), nor

(D) prevent nor interfere with the attainment or maintenance of any state or national ambient air quality standard.

If a particulate matter AQIA is required, the AQIA shall include both directly emitted particulate matter and particulate matter which would be formed by precursor air contaminants prior to discharge to the atmosphere.

TABLE 20.2 - 1
AQIA Trigger Levels

Air Contaminant	Emission Rate (lb/hr)	(lb/day)
Particulate Matter (PM_{10})	---	100
Oxides of Nitrogen (NOx)	25	250
Oxides of Sulfur (SOx)	25	250
Carbon Monoxide (CO)	100	550
Lead and Lead Compounds	---	3.2

(ii) **AQIA for Replacement Emission Units**

For each replacement project which results in an emission increase equal to or greater than any of the amounts listed in Table 20.2-1, the applicant shall demonstrate to the satisfaction of the Air Pollution Control Officer through an AQIA, that the replacement project will not:

(A) cause a violation of a state or national ambient air quality standard anywhere that does not already exceed such standard, nor

(B) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded, nor

(C) cause additional violations of a state ambient air quality standard anywhere the standard is already being exceeded, except as provided for in Subsection (d)(2)(v), nor

(D) prevent nor interfere with the attainment or maintenance of any state or national ambient air quality standard.

If a particulate matter AQIA is required, the AQIA shall include both directly emitted particulate matter and particulate matter which would be formed by precursor air contaminants prior to discharge to the atmosphere.

(iii) **AQIA for Relocated Emission Units**

Prior to issuance of a permit allowing an emission unit or a project to be relocated from one stationary source to another, the applicant shall demonstrate to the satisfaction of the Air Pollution Control Officer through an AQIA, that operating the emission unit or project at the new location will not:

(A) cause a violation of a state or national ambient air quality standard anywhere that does not already exceed such standard, nor

(B) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded, nor

(C) cause additional violations of a state ambient air quality standard anywhere the standard is already being exceeded, except as provided for in Subsection (d)(2)(v), nor

(D) prevent nor interfere with the attainment or maintenance of any state or national ambient air quality standard.

This demonstration is required for each air contaminant for which the project has a potential to emit equal to or greater than the amounts listed in Table 20.2-1. If a particulate matter AQIA is required, the AQIA shall include both directly emitted particulate matter and particulate matter which would be formed by precursor air contaminants prior to discharge to the atmosphere.

(iv) **AQIA not Required for NOx or VOC Impacts on Ozone**

Notwithstanding the requirements of Subsections (d)(2)(i), (ii), or (iii) a demonstration shall not be required for determining the impacts from a project's oxides of nitrogen (NOx) or volatile organic compound (VOC) emissions on the state or national ambient air quality standard for ozone, unless the Air Pollution Control Officer determines that adequate procedures exist for determining the impacts of oxides of nitrogen or volatile organic compound emissions from point sources on ozone ambient air quality standards and that such procedures are acceptable to the California Air Resources Board or the federal Environmental Protection Agency.

(v) **AQIA Requirements for PM_{10} Impacts May be Waived**

Notwithstanding the requirements of Subsection (d)(2)(i), (ii), or (iii), the Air Pollution Control Officer may waive the AQIA requirements for particulate matter (PM_{10}) impacts on the state ambient air quality standards, as follows:

(A) If the project will result in a maximum particulate matter air quality impact of less than 5 $\mu g/m^3$ (24-hour average basis) and 3 $\mu g/m^3$ (annual geometric mean basis), all of the project's particulate matter emission increases, including area fugitive emissions of particulate matter, must be offset at a ratio of 2 to 1 in accordance with Subsection (d)(5)(ii)(C).

(B) If the project will result in a maximum particulate matter air quality impact equal to or greater than 5 $\mu g/m^3$ but less than 10 $\mu g/m^3$ (24-hour average basis) or equal to or greater than 3 $\mu g/m^3$ but less than 6 $\mu g/m^3$ (annual geometric mean basis):

(1) the project must be equipped with BACT for particulate matter emissions without consideration for cost-effectiveness,

(2) all of the project's particulate matter emission increases, including area fugitive emissions of particulate matter, must be offset at an overall ratio of 2 to 1 in accordance with Subsection (d)(5)(ii)(C),

(3) sufficient emission offsets must be provided within the project's impact area to offset all of the project's particulate matter emission increases, including area fugitive emissions of particulate matter, at a ratio of at least 1 to 1,

(4) emission offsets in an amount and location which are demonstrated to have a modeled off-stationary source air quality impact at least equal to the project's particulate matter ambient air quality impact minus 5 $\mu g/m^3$ (24-hour average basis) and 3 $\mu g/m^3$ (annual geometric mean basis) must be provided, and

(5) all reasonable efforts to reduce the air quality impacts of the project are made.

(C) In no case shall the project result in a maximum particulate matter air quality impact equal to or greater than 10 $\mu g/m^3$ (24-hour average basis) or equal to or greater than 6 $\mu g/m^3$ (annual geometric mean basis).

(vi) **AQIA May be Required**

Notwithstanding any other provision of this rule, the Air Pollution Control Officer may require an AQIA, for any new or modified stationary source, any emission unit or any project if the stationary source, emission unit or project may be expected to:

(A) cause a violation of a state or national ambient air quality standard anywhere that does not already exceed such standard, or

(B) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded, or

(C) cause additional violations of a state ambient air quality standard anywhere the standard is already being exceeded, except as provided for in Subsection (d)(2)(v), or

(D) prevent or interfere with the attainment or maintenance of any state or national ambient air quality standard.

(3) PREVENTION OF SIGNIFICANT DETERIORATION (PSD)

The Air Pollution Control Officer shall not issue an Authority to Construct for any project which is expected to have a significant impact on any Class I area, as determined by an AQIA required pursuant to Subsection (d)(2), unless the following requirements are satisfied. The Air Pollution Control Officer shall:

(i) **Federal Land Manager and federal EPA Notification**

Notify the Federal Land Manager and the federal Environmental Protection Agency (EPA). This notification shall include all of the information specified by Subsection (d)(4)(iv), the location of the project, the project's approximate distance from all Class I areas within 100 km of San Diego County (as specified in Table 20.1 - 3) and the results of the AQIA, and

(ii) **CARB, SCAQMD and Imperial County APCD Notification**

Notify and submit to the California Air Resources Board (CARB), the South Coast Air Quality Management District (SCAQMD) and the Imperial County Air Pollution Control District the information specified in Subsection (d)(4)(iv).

(4) **PUBLIC NOTICE AND COMMENT**

The Air Pollution Control Officer shall not issue an Authority to Construct for any project subject to the AQIA or notification requirements of Subsection (d)(2) or (d)(3), unless the following requirements are satisfied.

(i) **Public Comment Period**

At least 40 days before taking final action on an application subject to the requirements of Subsection (d)(2) or (d)(3), the Air Pollution Control Officer shall:

(A) provide the public with notice of the proposed action in the manner prescribed by Subsection (d)(4)(iii), and

(B) make available for public inspection all information relevant to the proposed action as specified in Subsection (d)(4)(iv), and

(C) provide at least a 30-day period within which comments may be submitted.

The Air Pollution Control Officer shall consider all comments submitted.

(ii) **Applicant Response**

Except as agreed to by the applicant and the Air Pollution Control Officer and to the extent consistent with Rule 18, no later than ten days after close of the public comment period, the applicant may submit written responses to any comment received during the public comment period. Responses submitted by the applicant shall be considered prior to the Air Pollution Control Officer taking final action. The applicant's responses shall be made available for public review.

(iii) **Publication of Notice**

The Air Pollution Control Officer shall publish a notice of the proposed action in at least one newspaper of general circulation in San Diego County. The notice shall:

(A) describe the proposed action, and

(B) identify the location(s) where the public may inspect the information relevant to the proposed action, and

(C) indicate the date by which all comments must be received by the District for consideration prior to taking final action.

(iv) **Information to be Made Available for Public Inspection**

The relevant information to be made available for public inspection shall include but not be limited to:

(A) the application and all analyses and documentation used to support the proposed action, the District's evaluation of the project, a copy of the draft Authority to Construct or Permit to Operate and any information submitted by the applicant not previously labeled Trade Secret pursuant to Regulation IX, and

(B) the proposed District action on the application, including the preliminary decision to approve, conditionally approve or deny the application and the reasons therefor.

(5) **EMISSION OFFSETS**

The Air Pollution Control Officer shall not issue an Authority to Construct for any project subject to this rule unless emission offsets are provided on a pollutant specific basis for emission increases of non-attainment air contaminants and their precursors. Emission offsets shall be provided for emission increases to the extent by which the stationary source's post-project aggregate potential to emit is greater than 15 tons per year, as specified below. Interpollutant offsets may be used, provided such offsets meet the requirements of Subsection (d)(5)(vii).

(i) **Offset Requirements for VOC and NOx Emission Increases - New or Modified Emission Units**

(A) Offset Requirements for VOC Emission Increases

The volatile organic compound (VOC) emission increase from a new or modified emission unit located at a stationary source with a volatile organic compound post-project aggregate potential to emit equal to or greater than 15 tons per year, shall be offset at the offset ratio specified in Table 20.2 - 2. If the District is reclassified as a "serious" ozone non-attainment area by the federal Environmental Protection Agency, the offset ratios shall be those specified in Table 20.2 - 2A.

(B) Offset Requirements for NOx Emission Increases

The oxides of nitrogen (NOx) emission increase from a new or modified emission unit located at a stationary source with an oxides of nitrogen post-project aggregate potential to emit equal to or greater than 15 tons per year, shall be offset at the offset ratio specified in Table 20.2 - 2. If the District is reclassified as a "serious" ozone non-attainment area by the federal Environmental Protection Agency, the offset ratios shall be those specified in Table 20.2 - 2A.

TABLE 20.2 - 2
VOC and NOx Offset Ratio
Federal Severe Ozone Non-Attainment Classification

Stationary Source's Post-Project Aggregate VOC or NOx Potential to Emit	Offset Ratio NOx	VOC
Potential < 15 tons/year	None	None
15 tons/year ≤ Potential < 25 tons/year	1 : 1	1 : 1
Potential ≥ 25 tons/year	Rule 20.3 applies	

TABLE 20.2 - 2A
VOC and NOx Offset Ratio
Federal Serious Ozone Non-Attainment Classification

Stationary Source's Post-Project Aggregate VOC or NOx Potential to Emit	*Offset Ratio NOx*	*VOC*
Potential < 15 tons/year	*None*	*None*
15 tons/year ≤ Potential < 50 tons/year	*1 : 1*	*1 : 1*
Potential ≥ 50 tons/year	*Rule 20.3 applies*	

NOTE: The offset ratios specified in this Table shall be used only if San Diego County has received final reclassification to a "serious" ozone non-attainment area by the federal Environmental Protection Agency. As of (*date of adoption*) , San Diego County was classified as a "severe" ozone nonattainment area by the federal Environmental Protection Agency.

(ii) **Offset Requirements for PM_{10} and SOx Emission Increases - New or Modified Emission Units**

(A) Offset Requirements for SOx Emission Increases

The oxides of sulfur (SOx) emission increase from a new or modified emission unit located at a stationary source with an oxides of sulfur post-project aggregate potential to emit equal to or greater than 15 tons per year shall be offset at the offset ratio specified in Table 20.2 - 3.

(B) Offset Requirements for PM_{10} Emission Increases

The particulate matter (PM_{10}) emission increase from a new or modified emission unit located at a stationary source with a particulate matter post-project aggregate potential to emit equal to or greater than 15 tons per year shall be offset at the offset ratio specified in Table 20.2 - 3.

TABLE 20.2 - 3
PM_{10} and SOx Offset Ratio

Stationary Source's Post-Project Aggregate PM_{10} or SOx Potential to Emit	Offset Ratio PM_{10}	Offset Ratio SOx
Potential < 15 tons/year	None	None
15 tons/year ≤ Potential < 100 tons/year	1 : 1	1 : 1
Potential ≥ 100 tons/year	Rule 20.3 applies	

(C) PM_{10} Waiver Provisions

To qualify for the AQIA waiver provisions of Subsection (d)(2)(v), emission offsets for particulate matter (PM_{10}) must be provided at a 2 to 1 offset ratio.

(iii) **Offset Requirements for CO Emission Increases - New or Modified Emission Units**

(A) Offset Requirements for CO Emission Increases

The carbon monoxide (CO) emission increase from a new or modified emission unit located at a stationary source with a carbon monoxide post-project aggregate potential to emit equal to or greater than 15 tons per year, shall be offset at the offset ratio specified in Table 20.2 - 4.

TABLE 20.2 - 4
CO Offset Ratio

Stationary Source's Post-Project Aggregate CO Potential to Emit	Offset Ratio CO
Potential < 15 tons/year	None
15 tons/year ≤ Potential < 100 tons/year	1 : 1
Potential ≥ 100 tons/year	Rule 20.3 applies

(B) Waiver of CO Offset Requirements

Notwithstanding the offset provisions of Subsection (d)(5)(iii)(A) if an applicant demonstrates to the satisfaction of the Air Pollution Control Officer, by means of an AQIA, that the new or modified emission unit will not cause or contribute to a violation, nor interfere with the attainment or maintenance, of any state or national ambient air quality standard for carbon monoxide, emission offsets for carbon monoxide shall not be required.

(iv) **Offset Requirements - Relocated and Replacement Emission Units**

For each pollutant for which a stationary source has a post-project potential to emit equal to or greater than 15 tons per year, the volatile organic compounds, oxides of nitrogen, particulate matter, oxides of sulfur, or carbon monoxide emission increase from a relocated or replacement emission unit shall be offset as specified in Subsections (d)(5)(i) through (iii), as applicable.

(v) **Offset Requirements - Essential Public Services**

(A) If emission offsets are required pursuant to Subsections (d)(5)(i) through (iii) for emission increases from new or modified emission units located at essential public services, the Air Pollution Control Officer may allow emission offsets to be provided at an emission offset ratio lower than that specified, for that portion of the emission increase for which the applicant demonstrates to the satisfaction of the Air Pollution Control Officer that:

(1) the emission unit constitutes an essential public service, and

(2) on a pollutant specific basis, the emission offsets cannot be provided as specified in Subsections (d)(5)(i) through (iii) because it can be demonstrated that the cost in dollars per pound of obtaining emission offsets at that ratio exceeds five times the cost of control measures required to meet stationary source emission standards contained in these rules and regulations.

(B) If the Air Pollution Control Officer finds, pursuant to this Subsection (d)(5)(v), that the applicant for an essential public service is unable to obtain sufficient emission offsets despite all reasonable efforts, the Air Pollution Control Officer may do any of the following:

(1) provide the remaining required offsets from a District Community Bank created pursuant to Rule 26.4,

(2) demonstrate that the permit program is achieving no net increases in emissions from sources which emit 15 tons per year or more is being achieved,

(3) notify the Air Pollution Control Board that the essential public service project cannot be approved because of the applicant's inability to obtain emission offsets in an amount necessary to satisfy the offset ratio requirements of this rule. The Air Pollution Control Officer can make specific recommendations for revising the State Implementation Plan (SIP) and measures which the Air Pollution Control Board could adopt in order to ensure that there will be a no net increase in permitted emissions.

(vi) **Offset Requirements - Emission Control Equipment Installed Pursuant to District Rules & Regulations**

If emission offsets are required for emission increases from an emission unit operating prior to *(date of adoption)* resulting from the installation of air contaminant control equipment being installed to comply with a requirement of these Rules and Regulations, but not including Rules 20.1, 20.2, 20.3, 20.4, 20.5, 20.9 or 20.10, the Air Pollution Control Officer may elect to provide a portion or all of the emission

offsets through the District's Community Bank, consistent with the provisions of Subsection (d)(6) of this rule. In order for the emission unit to be eligible to receive emission reduction credits from the Community Bank, the Air Pollution Control Officer must determine that the following are satisfied:

(A) The control equipment satisfies the applicable requirement of these Rules and Regulations,

(B) BACT has been installed on all emission increases associated with the installation of the control equipment, and

(C) The amount of the emission reduction credits to be obtained from the Community Bank shall not exceed 10 tons per year on a pollutant specific basis.

(D) The Air Pollution Control Officer determines that there are sufficient offsets available from the District's Community Bank.

This provision shall not apply to offsets required for emission increases that result from any modifications which result in the creation of an Emission Reduction Credit pursuant to Rules 26.0 et seq.

(vii) **Interpollutant Offset Ratios**

The Air Pollution Control Officer may allow the use of interpollutant emission offsets at the ratios specified in Table 20.2 - 5 to satisfy the offset requirements of this Subsection (d)(5), provided the applicant demonstrates to the satisfaction of the Air Pollution Control Officer, that the AQIA requirements of Subsection (d)(2), as applicable, are satisfied for the emission increase. The interpollutant ratios shall be multiplied by the emission offset ratios required by Subsections (d)(5) to determine the final offset ratio.

TABLE 20.2 - 5
Interpollutant Offset Ratio

Emission Increase	Emission Decrease	Interpollutant Ratio
Particulate Matter (PM_{10})	PM_{10}	1.0
	VOC	1.1
	NOx	1.1
	SOx	1.1
Oxides of Sulfur (SOx)	SOx	1.0
	PM_{10}	1.1
	VOC	1.1
	NOx	1.1
Oxides of Nitrogen (NOx)	NOx	1.0
	VOC	2.0
Volatile Organic Compounds (VOC)	VOC	1.0
	NOx	1.0

(6) EMISSION OFFSET REQUIREMENTS: USE OF COMMUNITY BANK EMISSION REDUCTION CREDITS

The Air Pollution Control Officer may elect to provide emission offsets from a District developed and maintained Community Bank in the manner prescribed in Subsections (d)(5)(v) and (vi), provided that the following are satisfied:

(i) The Community Bank has been established consistent with the provisions of Rule 26.1 et seq.,

(ii) The Community Bank contains sufficient emission reduction credits to allow for the emissions to be fully offset, if necessary with a combination of emission reductions from the Community Bank and emission reductions provided directly by the affected stationary source,

(iii) Only banked emission reduction credits in excess of those necessary to demonstrate compliance with the no net increase permit program provisions of the California Clean Air Act are utilized,

(iv) The use of Community Bank Emission Reduction Credits shall be prioritized in the following order. In order to make this prioritization, the Air Pollution Control Officer shall determine, based on a review of the District's permit program for the previous calendar year, the amount of emission reductions credits from the Community Bank which are to be allocated for each category:

(A) For use to demonstrate compliance with the no net increase permit program provisions of the California Clean Air Act,

(B) For use by essential public service projects, as defined in Rule 20.1 and as provided for in Subsection (d)(5)(v) of this rule,

(C) For use for emission control equipment as provided for in Subsection (d)(5)(vi) of this rule, and

(D) For use for emission control equipment as provided for in Subsection (d)(5)(v) of Rule 20.3.

3. RULE 20.3. NEW SOURCE REVIEW - MAJOR STATIONARY SOURCES AND PREVENTION OF SIGNIFICANT DETERIORATION (PSD) STATIONARY SOURCES

(a) APPLICABILITY

This rule applies to any new or modified major stationary source, to any new or modified emission unit and to any relocated emission unit being moved from a stationary source, if, after completion of the project, the stationary source will be a major stationary source, or a Prevention of Significant Deterioration (PSD) Stationary Source.

(b) EXEMPTIONS

The exemptions contained in Rule 20.1, Section (b) apply to this rule. In addition, for purposes of this rule, the following exemptions shall apply.

(1) Maintenance emissions from emergency equipment shall be exempt from the Lowest Achievable Emission Rate (LAER) requirements of Subsection (d)(1) and shall instead be subject to the Best Available Control Technology (BACT) provisions of Subsection (d)(1)(v), as applicable.

(2) Emission units which are to be temporarily relocated to another stationary source shall be exempt from the provisions of Subsection (d)(1)(iii) provided that:

(i) the emission unit is not being modified,

(ii) there is no increase in the emission unit's potential to emit,

(iii) the unit is not located for more than 180 days at the stationary source where it is moved to, and

(iv) the emission unit is not located at more than two stationary sources over any 365-day period.

(3) Emission units which are intended to be permanently relocated to another stationary source shall be exempt from the provisions of Subsection (d)(1)(iii), provided that:

(i) There is no increase in the emission unit's potential to emit,

(ii) The relocation occurs within 10 miles of the previous stationary source, and

(iii) The relocated emission unit commences operating at the stationary source it was relocated to within one-year of the emission unit ceasing operations at its previous stationary source.

(c) DEFINITIONS

The definitions contained in Rule 20.1, Section (c) apply to this rule.

(d) STANDARDS

(1) BEST AVAILABLE CONTROL TECHNOLOGY (BACT) AND LOWEST ACHIEVABLE EMISSION RATE (LAER)

The Air Pollution Control Officer shall deny an Authority to Construct for any emission unit subject to this rule unless the applicant demonstrates that the following requirements will be satisfied:

(i) New or Modified Emission Units

Any new or modified emission unit which has any increase in its potential to emit and which unit has a post-project potential to emit 10 pounds per day or more of particulate matter (PM_{10}), oxides of nitrogen (NOx), volatile organic compounds (VOC), oxides of sulfur (SOx), carbon monoxide (CO), or lead (Pb) shall be equipped with Best Available Control Technology (BACT) for each such air contaminant. Except as provided for in Subsection (d)(7) and (d)(8), Lowest Achievable Emission Rate (LAER) shall be required instead of BACT for those air contaminants and their precursors for which the stationary source is major and for which the District is classified as non-attainment of a national ambient air quality standard.

(ii) New or Modified Emission Units - Non-Criteria Pollutants

Any new or modified emission unit at a PSD stationary source, which emission unit has an emission increase equal to or greater than the non-criteria pollutant emissions significance levels, shall be equipped with BACT for each such air contaminant.

(iii) Relocated Emission Units

Except as provided for in Subsections (b)(2) and (b)(3), any relocated emission unit with a post-project potential to emit of 10 pounds per day or more of particulate matter, oxides of nitrogen, volatile organic compounds, oxides of sulfur, or carbon monoxide, shall be equipped with BACT for each such air contaminant. Except as provided for in Subsections (d)(7) and (d)(8), LAER shall be required instead of BACT for those air contaminants and their precursors for which the stationary source is major and for which the District is classified as non-attainment of a national ambient air quality standard.

(iv) Replacement Emission Units

Any replacement emission unit with a post-project potential to emit of 10 pounds per day or more of particulate matter, oxides of nitrogen, volatile organic compounds, oxides of sulfur, or carbon monoxide, shall be equipped with BACT for each such air contaminant. Except as provided for in Subsections (d)(7) and (d)(8). LAER shall be required instead of BACT for those air contaminants and their precursors for which the stationary source is major and for which the District is classified as non-attainment of a national ambient air quality standard.

(v) Emergency Equipment Emission Units

Any new or modified emergency equipment emission unit which has any increase in its potential to emit and which unit has a post-project potential to emit of 10 pounds per day or more of particulate matter, oxides of nitrogen, volatile organic compounds, oxides of sulfur, or carbon monoxide, shall be equipped with BACT for

each such air contaminant. BACT shall apply based on the unit's maintenance emissions and excluding the unit's emissions while operating during emergency situations.

(2) AIR QUALITY IMPACT ANALYSIS (AQIA)

The Air Pollution Control Officer shall deny an Authority to Construct for any emission unit subject to this rule unless the following requirements are satisfied. Area fugitive emissions of particulate matter (PM_{10}) shall not be included in the demonstrations required below, unless the Air Pollution Control Officer determines, on a case-by-case basis, that a project's area fugitive emissions of PM_{10} must be evaluated in order to protect public health and welfare.

(i) AQIA for New or Modified Units

For each project which results in an emissions increase equal to or greater than any of the amounts listed in Table 20.3 - 1, the applicant shall demonstrate to the satisfaction of the Air Pollution Control Officer through an Air Quality Impact Analysis (AQIA), that the project will not:

(A) cause a violation of a state or national ambient air quality standard anywhere that does not already exceed such standard, nor

(B) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded, nor

(C) cause additional violations of a state ambient air quality standard anywhere the standard is already being exceeded, except as provided for in Subsection (d)(2)(v), nor

(D) prevent nor interfere with the attainment or maintenance of any state or national ambient air quality standard.

If a particulate matter AQIA is required, the AQIA shall include both directly emitted particulate matter and particulate matter which would be formed by precursor air contaminants prior to discharge to the atmosphere.

TABLE 20.3 - 1
AQIA Trigger Levels

Air Contaminant	Emission Rate (lb/hr)	Emission Rate (lb/day)
Particulate Matter (PM_{10})	---	100
Oxides of Nitrogen (NOx)	25	250
Oxides of Sulfur (SOx)	25	250
Carbon Monoxide (CO)	100	550
Lead and Lead Compounds	---	3.2

(ii) AQIA for Replacement Emission Units

For each replacement project which results in an emission increase equal to or greater than any of the amounts listed in Table 20.3 - 1, the applicant shall demonstrate to the satisfaction of the Air Pollution Control Officer through an AQIA, that the replacement project will not:

(A) cause a violation of a state or national ambient air quality standard anywhere that does not already exceed such standard, nor

(B) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded, nor

(C) cause additional violations of a state ambient air quality standard anywhere the standard is already being exceeded, except as provided for in Subsection (d)(2)(v), nor

(D) prevent nor interfere with the attainment or maintenance of any state or national ambient air quality standard.

If a particulate matter AQIA is required, the AQIA shall include both directly emitted particulate matter and particulate matter which would be formed by precursor air contaminants prior to discharge to the atmosphere.

(iii) **AQIA for Relocated Emission Units**

Prior to issuance of a permit allowing an emission unit or a project to be relocated to a major stationary source, the applicant shall demonstrate to the satisfaction of the Air Pollution Control Officer through an AQIA, that operating the emission unit or project at the new location will not:

(A) cause a violation of a state or national ambient air quality standard anywhere that does not already exceed such standard,

(B) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded,

(C) cause additional violations of a state ambient air quality standard anywhere the standard is already being exceeded, except as provided for in Subsection (d)(2)(v) below, nor

(D) prevent nor interfere with the attainment or maintenance of any state or national ambient air quality standard.

This demonstration is required for each air contaminant for which the project has a potential to emit equal to or greater than the amounts listed in Table 20.3 - 1. If a particulate matter AQIA is required, the AQIA shall include both directly emitted particulate matter and particulate matter which would be formed by precursor air contaminants prior to discharge to the atmosphere.

(iv) **AQIA not Required for NOx or VOC Impacts on Ozone**

Notwithstanding the requirements of Subsections (d)(2)(i), (ii), or (iii) a demonstration shall not be required for determining the impacts from a project's oxides of nitrogen (NOx) or volatile organic compound (VOC) emissions on the state or national ambient air quality standard for ozone, unless the Air Pollution Control Officer determines that adequate procedures exist for determining the impacts of oxides of nitrogen or volatile organic compound emissions from point sources on ozone ambient air quality standards and that such procedures are acceptable to the California Air Resources Board or the federal Environmental Protection Agency.

(v) **AQIA Requirements for PM_{10} Impacts May be Waived**

Notwithstanding the requirements of Subsection (d)(2)(i), (ii), or (iii) the Air Pollution Control Officer may waive the AQIA requirements for particulate matter (PM_{10}) impacts on the state ambient air quality standards, as follows:

(A) If the project will result in a maximum particulate matter air quality impact of less than 5 $\mu g/m^3$ (24-hour average basis) and 3 $\mu g/m^3$ (annual geometric mean basis), all of the project's particulate matter emission increases, including area fugitive emissions of particulate matter, must be offset at a ratio of 2 to 1 in accordance with Subsection (d)(5)(ii)(C).

(B) If the project will result in a maximum particulate matter air quality impact equal to or greater than 5 $\mu g/m^3$ but less than 10 $\mu g/m^3$ (24-hour average basis) or equal to or greater than 3 $\mu g/m^3$ but less than 6 $\mu g/m^3$ (annual geometric mean basis):

(1) the project must be equipped with BACT for particulate matter emissions without consideration for cost-effectiveness,

(2) all of the project's particulate matter emission increases, including area fugitive emissions of particulate matter, must be offset at an overall ratio of 2 to 1 in accordance with Subsection (d)(5)(ii)(C),

(3) sufficient emission offsets must be provided within the project's impact area to offset all of the project's particulate matter emission increases, including area fugitive emissions of particulate matter, at a ratio of at least 1 to 1,

(4) emission offsets in an amount and location which are demonstrated to have a modeled off-stationary source air quality impact at least equal to the project's particulate matter ambient air quality impact minus 5 $\mu g/m^3$ (24-hour average basis) and 3 $\mu g/m^3$ (annual geometric mean basis) must be provided, and

(5) all reasonable efforts to reduce the air quality impacts of the project are made.

(C) In no case shall the project result in a maximum particulate matter air quality impact equal to or greater than 10 $\mu g/m^3$ (24-hour average basis) or equal to or greater than 6 $\mu g/m^3$ (annual geometric mean basis).

(vi) **AQIA May be Required**

Notwithstanding any other provision of this rule, the Air Pollution Control Officer may require an AQIA for any new or modified stationary source, any emission unit or any project if the stationary source, emission unit or project may be expected to:

(A) cause a violation of a state or national ambient air quality standard anywhere that does not already exceed such standard, or

(B) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded, or

(C) cause additional violations of a state ambient air quality standard anywhere the standard is already being exceeded, except as provided for in Subsection (d)(2)(v), or

(D) prevent or interfere with the attainment or maintenance of any state or national ambient air quality standard.

(3) PREVENTION OF SIGNIFICANT DETERIORATION (PSD)

The Air Pollution Control Officer shall deny an Authority to Construct for any project subject to this rule unless the applicant demonstrates that the following requirements are satisfied.

(i) **Applicability**

(A) New PSD Stationary Source and PSD Modification

The provisions of Subsections (d)(3)(ii) through (vii) shall apply to any new PSD stationary source and to any PSD modification, for those air contaminants for which the District is classified as attainment or unclassified of the national ambient air quality standard.

(B) Significant Impact

The provisions of Subsections (d)(3)(ii) through (vii) shall apply to any project which is expected to have a significant impact on any Class I area, as determined by an AQIA required pursuant to Subsection (d)(2), regardless of the Class I area's national attainment or non-attainment classification. For Class II areas, the provisions of Subsections (d)(3)(ii) through (vii) apply only if, in addition to causing a significant impact, the Class II area where the significant impact occurs is classified as attainment of the national ambient air quality standard for that pollutant.

(C) Non-Criteria Pollutant Emissions Significance Levels

The provisions of Subsections (d)(3)(ii), (iii), (v), and (vii) shall apply to any emission increase of a non-criteria air contaminant at a PSD stationary source with a potential to emit equal to or greater than a non-criteria emissions significance level for the air contaminant.

(ii) **Notification Requirements**

(A) Notification of Federal Land Manager - Before Application Submittal

The applicant shall provide written notification to the Federal Land Manager of the applicant's intent to file an application for an Authority to Construct. Permit to Operate, or a Determination of Compliance pursuant to Rule 20.5, not less than 30 days prior to application submittal. The applicant's notification to the Federal Land Manager shall include copies of all of the analyses required by this Subsection (d)(3). Concurrently, the applicant shall notify the federal Environmental Protection Agency and the District, and provide copies of the written notification given to the Federal Land Manager.

(B) Notification of Federal Land Manager - After Application Submittal

If a project is modified prior to issuance of an Authority to Construct such that it becomes subject to Subsection (d)(3), the Air Pollution Control Officer shall provide the notification required by Subsection (d)(3)(ii)(A) no later than 15 days after it is determined that the provisions of Subsection (d)(3) apply.

(C) Failure to Notify

If the applicant has failed to provide the notification required by Subsection (d)(3)(ii)(A) within the time periods described in that subsection, the applicant shall provide the notification required by that subsection no later than 15 days after the Air Pollution Control Officer informs the applicant that the provisions of Subsection (d)(3) apply.

(iii) **Air Quality Impact Analysis (AQIA)**

Notwithstanding the emission threshold requirements of Subsection (d)(2), the applicant shall perform an AQIA as prescribed in Subsection (d)(2) for those pollutants for which, pursuant to Subsection (d)(3)(i), Subsection (d)(3) applies. In conducting the AQIA, projected growth calculated pursuant to (d)(3)(v)(A) shall be taken into account. The Air Pollution Control Officer shall comply with the public comment and notice provisions of Subsection (d)(4) and with the following:

(A) Federal Land Manager and federal EPA Notification

Notify the Federal Land Manager and the Environmental Protection Agency (EPA). This notification shall include all of the analyses required by Subsection (d)(3), the location of the project, the project's approximate distance from all Class I areas within 100 km of San Diego County (as specified in Rule 20.1, Table 20.1 - 3), and the results of the AQIA, at least 60 days prior to the public comment period required by Subsection (d)(4).

(B) ARB, SCAQMD and Imperial County APCD Notification

Notify and submit to the California Air Resources Board (ARB), the South Coast Air Quality Management District (SCAQMD) and the Imperial County Air Pollution Control District all of the information required by Subsection (d)(4)(iv).

(iv) **Air Quality Increment**

If the stationary source is located in an area designated as attainment or unclassified for the sulfur dioxide, nitrogen dioxide, or particulate matter national ambient air quality standard pursuant to Section 107(d)(1)(D) or (E) of the federal Clean Air Act, the following shall be satisfied:

(A) The applicant shall demonstrate to the satisfaction of the Air Pollution Control Officer, using procedures approved by the Air Pollution Control Officer, that the applicable air quality increments are not exceeded within the project's impact area.

(B) The demonstration required by Subsection (d)(3)(iv)(A) shall include the following:

(1) a description of the federal attainment area where a significant impact occurs and the attainment area's corresponding non-major source baseline date, and

(2) an analysis of the air quality impacts of all increment consuming and increment expanding emissions within the impact area, and

(3) an analysis of the air quality impacts of increment consuming and increment expanding emissions outside the impact area that may have a significant impact within the impact area.

(v) Additional Impacts Analyses

The analyses required by Subsections (d)(3)(v)(A) through (C) shall include the impacts of total emissions which exceed a non-criteria emissions significance level.

(A) Growth Analysis

The applicant shall prepare a growth analysis containing all of the following:

(1) an assessment of the availability of residential, commercial, and industrial services in the area surrounding the stationary source,

(2) a projection of the growth in residential, industrial and commercial sources, construction related activities, and permanent and temporary mobile sources which will result from the construction of the new major stationary source or major modification, including any secondary emissions associated with the construction,

(3) an estimate of the emission of all pollutants from the projected growth, and

(4) a determination of the air quality impacts occurring due to the combined emissions from the projected growth and the stationary source's emissions increase.

(B) Soils & Vegetation Analysis

The applicant shall perform an analysis of the impacts from air contaminants on soils and vegetation containing all of the following:

(1) the analysis shall be based on an inventory of the soils and vegetation types found in the impact area, including all vegetation with any commercial or recreational value, and

(2) the analysis shall consider the impacts of the combined emissions from projected growth as determined above, pursuant to Subsection (d)(3)(v)(A) and the stationary source's emissions increase.

(C) Visibility Impairment Analysis

The applicant shall perform a visibility impairment analysis. The analysis shall focus on the effects of the emission increases from the new PSD stationary

source or PSD modification and their impacts on visibility within the impact area. The analysis shall include a catalog of scenic vistas, airports, or other areas which could be affected by a loss of visibility within the impact area, a determination of the visual quality of the impact area, and an initial screening of emission sources to assess the possibility of visibility impairment. If the screening analysis indicates that a visibility impairment will occur, as determined by the Air Pollution Control Officer, a more in-depth visibility analysis shall be prepared.

(vi) **Protection of Class I Areas**

(A) Requirements

(1) An AQIA shall be prepared as prescribed in Subsection (d)(2) for all emission increases attributable to the new or modified stationary source, notwithstanding the emission threshold requirements of Subsection (d)(2). The AQIA shall include a demonstration that the new or modified stationary source will not cause or contribute to a violation of any national ambient air quality standard nor interfere with the attainment or maintenance of those standards.

(2) The analyses contained in Subsections (d)(3)(iii) through (v) shall be prepared for all emission increases which will result in a significant impact.

(B) Application Denial - Federal Land Manager/Air Pollution Control Officer Concurrence

The Air Pollution Control Officer shall deny an Authority to Construct for a new or modified stationary source subject to this Subsection (d)(3)(vi), if the Federal Land Manager demonstrates, and the Air Pollution Control Officer concurs, that granting the Authority to Construct would result in an adverse impact on visibility, soils, vegetation or air quality related values of a Class I area. The Air Pollution Control Officer shall take into consideration mitigation measures identified by the Federal Land Manager in making the determination.

(vii) **Additional Requirements**

(A) Tracking of Air Quality Increment Consumption Sources

The Air Pollution Control Officer shall track air quality increment consumption, consistent with current requirements established by the federal Environmental Protection Agency.

(B) Stack Height Requirement

The applicant for any new or modified PSD stationary source with a stack height greater than 65 meters must demonstrate to the satisfaction of the Air Pollution Control Officer that the new or modified stationary source complies with the most recent Good Engineering Practice (GEP) requirements contained in the 1993 version of 40 CFR 51.100 (ii).

(C) Preconstruction Monitoring Requirement

The applicant shall submit at least one year of continuous monitoring data, unless the Air Pollution Control Officer determines that a complete and adequate analysis can be accomplished with monitoring data gathered over a shorter period. The requirement for monitoring may be waived by the Air Pollution Control Officer if representative monitoring data is already available.

(D) Cancellation of Authority to Construct

Any Authority to Construct issued to a PSD stationary source subject to the provisions of Subsection (d)(3) of this rule, shall become invalid if construction is not commenced within 18 months after its issuance or if construction is discontinued for a period of 18 months or more after its issuance. The 18-month period may be extended by the Air Pollution Control Officer for good cause.

(4) PUBLIC NOTICE AND COMMENT

The Air Pollution Control Officer shall not issue an Authority to Construct for any project subject to the AQIA or notification requirements of Subsections (d)(2) or (d)(3) unless the following requirements are satisfied.

(i) Public Comment Period

At least 40 days before taking final action on an application, the Air Pollution Control Officer shall:

(A) provide the public with notice of the proposed action in the manner prescribed in Subsection (d)(4)(iii), and

(B) provide the California Air Resources Board and federal Environmental Protection Agency with notice of the proposed action and all of the information specified in Subsection (d)(4)(iv), and

(C) make available for public inspection all information relevant to the proposed action as specified in Subsection (d)(4)(iv), and

(D) provide at least a 30-day period within which comments may be submitted.

The Air Pollution Control Officer shall consider all comments submitted.

(ii) Applicant Response

Except as agreed to by the applicant and the Air Pollution Control Officer and to the extent consistent with Rule 18, no later than 10 days after close of the public comment period, the applicant may submit written responses to any comment received during the public comment period. Responses submitted by the applicant shall be considered prior to the Air Pollution Control Officer taking final action. The applicant's responses shall be made available for public review.

(iii) **Publication of Notice**

The Air Pollution Control Officer shall publish a notice of the proposed action in at least one newspaper of general circulation in San Diego County. The notice shall:

(A) describe the proposed action, and

(B) identify the location(s) where the public may inspect the information relevant to the proposed action, and

(C) indicate the date by which all comments must be received by the District for consideration prior to taking final action.

(iv) **Information to be Made Available for Public Inspection**

The relevant information to be made available for public inspection shall include, but not be limited to:

(A) the application and all analyses and documentation used to support the proposed action, the District's evaluation of the project, a copy of the draft Authority to Construct or Permit to Operate and any information submitted by the applicant not previously labeled Trade Secret pursuant to Regulation IX, and

(B) the proposed District action on the application, including the preliminary decision to approve, conditionally approve or deny the application and the reasons therefor.

(5) **EMISSION OFFSETS**

Except as provided for in Subsection (d)(8), the Air Pollution Control Officer shall not issue an Authority to Construct for any project subject to this rule unless emission offsets are provided on a pollutant specific basis for emission increases of non-attainment air contaminants and their precursors. Emission offsets shall be provided for emission increases to the extent by which the stationary source's post-project aggregate potential to emit is greater than 15 tons per year, as specified below. Interpollutant offsets may be used, provided such offsets meet the requirements of Subsection (d)(5)(vi).

(i) **Offset Requirements for VOC and NOx Emission Increases - New or Modified Emission Units**

(A) Offset Requirements for VOC Emission Increases

The volatile organic compound (VOC) emission increase from a new or modified emission unit located at a stationary source with a volatile organic compound post-project aggregate potential to emit equal to or greater than 15 tons per year, shall be offset at the offset ratio specified in Table 20.3 - 2. If the District is reclassified to a "serious" ozone non-attainment area by the federal Environmental Protection Agency, the offset ratios shall be those specified in Table 20.3 - 2A.

(B) Offset Requirements for NOx Emission Increases

The oxides of nitrogen (NOx) emission increase from a new or modified emission unit located at a stationary source with an oxides of nitrogen post-project aggregate potential to emit equal to or greater than 15 tons per year,

shall be offset at the offset ratio specified in Table 20.3 - 2. If the District is reclassified as a "serious" ozone non-attainment area by the federal Environmental Protection Agency, the offset ratios shall be those specified in Table 20.3 - 2A.

TABLE 20.3 - 2
VOC and NOx Offset Ratios
Federal Severe Ozone Non-Attainment Classification

Stationary Source's Post-Project Aggregate VOC or NOx Potential to Emit	Offset Ratio NOx	Offset Ratio VOC
Potential < 15 tons/year	None	None
15 tons/year ≤ Potential < 25 tons/year	1 : 1	1 : 1
Potential ≥ 25 tons/year	1.3:1.0	1.3:1.0

TABLE 20.3 - 2A
VOC and NOx Offset Ratios
Serious Ozone Non-Attainment Classification

Stationary Source's Post-Project Aggregate VOC or NOx Potential to Emit	*Offset Ratio NOx*	*Offset Ratio VOC*
Potential < 15 tons/year	*None*	*None*
15 tons/year ≤ Potential < 50 tons/year	*1 : 1*	*1 : 1*
Potential ≥ 50 tons/year	*1.2:1.0*	*1.2:1.0*

NOTE: The offset ratios specified in this Table shall be used only if San Diego County has received final reclassification to a "serious" ozone non-attainment area by the federal Environmental Protection Agency. As of *(date of adoption)*, San Diego County was classified as a "severe" ozone nonattainment area by the federal Environmental Protection Agency.

(ii) **Offset Requirements for PM_{10} and SOx Emission Increases - New or Modified Emission Units**

(A) Offset Requirements for SOx Emission Increases

The oxides of sulfur (SOx) emission increase from a new or modified emission unit located at a stationary source with an oxides of sulfur post-project aggregate potential to emit equal to or greater than 15 tons per year shall be offset at the offset ratio specified in Table 20.3 - 3.

(B) Offset Requirements for PM_{10} Emission Increases

The particulate matter (PM_{10}) emission increase from a new or modified emission unit located at a stationary source with a particulate matter post-project

aggregate potential to emit equal to or greater than 15 tons per year shall be offset at the offset ratio specified in Table 20.3 - 3.

TABLE 20.3 - 3
PM_{10} and SOx Offset Ratio

Stationary Source's Post-Project Aggregate PM_{10} or SOx Potential to Emit	Offset Ratio PM_{10}	Offset Ratio SOx
Potential < 15 tons/year	None	None
15 tons/year ≤ Potential < 100 tons/year	1 : 1	1 : 1
Potential ≥ 100 tons/year	1 : 1	1 : 1

(C) PM_{10} Waiver Provisions

To qualify for the AQIA waiver provisions of Subsection (d)(2)(v), emission offsets for particulate matter must be provided at a 2 to 1 offset ratio.

(iii) **Offset Requirements for CO Emission Increases - New or Modified Emission Units**

(A) Offset Requirements for CO Emission Increases

The carbon monoxide (CO) emission increase from a new or modified emission unit located at a stationary source with a carbon monoxide post-project aggregate potential to emit equal to or greater than 15 tons per year, shall be offset at the offset ratio specified in Table 20.3 - 4.

TABLE 20.3 - 4
CO Offset Ratio

Stationary Source's Post-Project Aggregate CO Potential to Emit	Offset Ratio CO
Potential < 15 tons/year	None
15 tons/year ≤ Potential < 100 tons/year	1 : 1
Potential ≥ 100 tons/year	1 : 1

(B) Waiver of CO Offset Requirements

Notwithstanding the offset provisions of Subsection (d)(5)(iii)(A), if an applicant demonstrates to the satisfaction of the Air Pollution Control Officer, by means of an AQIA, that the new or modified emission unit will not cause or contribute to a violation, nor interfere with the attainment or maintenance, of any state or national ambient air quality standard for carbon monoxide, emission offsets for carbon monoxide shall not be required.

(iv) **Offset Requirements - Relocated and Replacement Emission Units**

For each pollutant for which a stationary source has a post-project potential to emit equal to or greater than 15 tons per year, the volatile organic compounds, oxides of nitrogen, particulate matter, oxides of sulfur, or carbon monoxide emission increase from a relocated or replacement emission unit shall be offset as specified in Subsections (d)(5)(i) through (iii), as applicable.

(v) **Offset Requirements - Emission Control Equipment Installed Pursuant to District Rules & Regulations**

If emission offsets are required for emission increases from an emission unit operating prior to *(date of adoption)* resulting from the installation of air contaminant control equipment being installed to comply with a requirement of these Rules and Regulations, but not including Rules 20.1, 20.2, 20.3, 20.4, 20.5, 20.9 or 20.10, inclusive, the Air Pollution Control Officer may elect to provide a portion or all of the emission offsets through the District's Community Bank, consistent with the provisions of Subsection (d)(6) of this rule. In order for the emission unit to be eligible to receive emission reduction credits from the Community Bank, the Air Pollution Control Officer must determine that the following are satisfied:

(A) The control equipment satisfies the applicable requirement of these Rules and Regulations,

(B) BACT has been installed on all emission increases associated with the installation of the control equipment,

(C) The amount of the emission reduction credits to be obtained from the Community Bank do not exceed 10 tons per year on a pollutant specific basis,

(D) If oxides of nitrogen emission reduction credits are being sought from the Community Bank, the stationary source is not major for oxides of nitrogen, and

(E) If volatile organic compound emission reduction credits are being sought from the Community Bank, the stationary source is not major for volatile organic compounds.

(F) The Air Pollution Control Officer determines that there are sufficient offsets available from the District's Community Bank.

This provision shall not apply to offsets required for emission increases that result from any changes which result in the creation of an Emission Reduction Credit pursuant to Rules 26.0 et seq.

(vi) **Interpollutant Offset Ratios**

The Air Pollution Control Officer may allow the use of interpollutant emission offsets at the ratios specified in Table 20.3 - 5 to satisfy the offset requirements of this Subsection (d)(5), provided the applicant demonstrates to the satisfaction of the Air Pollution Control Officer, that the AQIA requirements of Subsection (d)(2), as applicable, are satisfied for the emission increase. The interpollutant ratios shall be multiplied by the emission offset ratios required by Subsection (d)(5) to determine the final offset ratio.

TABLE 20.3 - 5
Interpollutant Ratio

Emission Increase	Emission Decrease	Interpollutant Ratio
Particulate Matter (PM_{10})	PM_{10}	1.0
	VOC	1.1
	NOx	1.1
	SOx	1.1
Oxides of Sulfur (SOx)	SOx	1.0
	PM_{10}	1.1
	VOC	1.1
	NOx	1.1
Oxides of Nitrogen (NOx)	NOx	1.0
	VOC	2.0
Volatile Organic Compounds (VOC)	VOC	1.0
	NOx	1.0

(6) **EMISSION OFFSET REQUIREMENTS: USE OF COMMUNITY BANK EMISSION REDUCTION CREDITS**

The Air Pollution Control Officer may elect to provide emission offsets from a District developed and maintained Community Bank in the manner prescribed in Subsection (d)(5)(v), provided that the following are satisfied:

(i) The Community Bank has been established consistent with the provisions of Rule 26.1 et seq.,

(ii) The Community Bank contains sufficient emission reduction credits to allow for the emissions to be fully offset, if necessary with a combination of emission reductions from the Community Bank and emission reductions provided directly by the affected stationary source,

(iii) Only banked emission reduction credits in excess of those necessary to demonstrate compliance with the no net increase permit program provisions of the California Clean Air Act are utilized,

(iv) The use of Community Bank Emission Reduction Credits shall be prioritized in the following order. In order to make this prioritization, the Air Pollution Control Officer shall determine, based on a review of the District's permit program for the previous calendar year, the amount of emission reductions credits from the Community Bank which are to be allocated for each category:

(A) For use to demonstrate compliance with the no net increase permit program provisions of the California Clean Air Act,

(B) For use by essential public service projects, as defined in Rule 20.1 and as provided for in Subsection (d)(5)(v) of Rule 20.2,

(C) For use for emission control equipment as provided for in Subsection (d)(5)(vi) of Rule 20.2, and

(D) For use for emission control equipment as provided for in Rule Subsection (d)(5)(v).

(7) BACT INSTEAD OF LAER

Any stationary source which provides volatile organic compounds or oxides of nitrogen emission reductions from within the stationary source at a ratio of at least 1.3 to 1.0 for any increase of volatile organic compounds or oxides of nitrogen subject to the LAER provisions of Subsection (d)(1), may apply BACT instead of LAER for such increases. In addition, any modification of an existing stationary source which results in an emission increase of volatile organic compounds or oxides of nitrogen, may apply BACT instead of LAER, provided the stationary source's post-project aggregate potential to emit is less than 100 tons per year of volatile organic compounds or oxides of nitrogen. This provision shall apply on a pollutant specific basis.

(8) USE OF CONTEMPORANEOUS EMISSION INCREASES FOR DETERMINING APPLICABILITY OF LAER AND OFFSET PROVISIONS

The applicant for any project at a major stationary source may request that the LAER provisions of Subsection (d)(1) and Emission Offsets provisions for oxides of nitrogen) and volatile organic compounds of Subsection (d)(5) be applied based on the stationary source's contemporaneous emission increases, instead of on an individual emission unit or project basis as applicable, provided such a request is made in writing. Once such a request is made, all new and existing emission units at the stationary source shall be required to comply with said Subsections as provided for below.

(i) Requirements

If a request to utilize this Subsection (d)(8) is made, the applicant shall submit with each application for new or modified equipment, sufficient information to determine the contemporaneous emission increases at the stationary source. Each application shall be accompanied by a current tabulation of contemporaneous emission increases at the stationary source. For any stationary source undergoing a major modification based on the stationary source's contemporaneous emission increase, the LAER and Offset provisions shall apply as follows:

(A) Lowest Achievable Emission Rate (LAER)

The LAER provisions of Subsection (d)(1) shall apply to any emissions increase occurring at a stationary source where there is a major modification, on a pollutant specific basis. This provision shall not relieve a source from complying with the BACT provisions of Subsection (d)(1), as applicable in Subsection (d)(1).

(B) Emission Offsets

The oxides of nitrogen and volatile organic compound emission increases from a new or modified emission unit located at a stationary source with an oxides of nitrogen or volatile organic compound post-project aggregate potential to emit equal to or greater than 15 tons per year, shall be offset as prescribed in Table 20.3 - 6, on a pollutant specific basis. If the District is reclassified to a "serious" ozone non-attainment area by the federal Environmental Protection Agency, the offset ratios shall be those specified in Table 20.3 - 6A.

TABLE 20.3 - 6
VOC and NOx Offset Ratios
Federal Severe Ozone Non-Attainment Designation

Stationary Source's Post-Project Aggregate VOC or NOx Potential to Emit	Offset Ratio NOx	VOC
Potential < 15 tons/year	None	None
15 tons/year < Potential < 25 tons/year	1 : 1	1 : 1
Potential > 25 tons/year		
Non-major modification	1 : 1	1 : 1
Major modification	1.3:1.0	1.3 : 1.0

TABLE 20.3 - 6A
VOC and NOx Offset Ratios
Serious Ozone Non-Attainment Designation

Stationary Source's Post-Project Aggregate VOC or NOx Potential to Emit	*Offset Ratio NOx*	*VOC*
Potential < 15 tons/year	*None*	*None*
15 tons/year < Potential < 50 tons/year	*1 : 1*	*1 : 1*
Potential > 50 tons/year		
Non-major modification	*1 : 1*	*1 : 1*
Major modification	*1.2:1.0*	*1.2:1.0*

NOTE: The offset ratios specified in this Table shall be used only if San Diego County has received final reclassification to a "serious" ozone non-attainment area by the federal Environmental Protection Agency. As of *(date of adoption)*, San Diego County was classified as a "severe" ozone nonattainment area by the federal Environmental Protection Agency.

(C) Limitations

Once an applicant has requested to use this Subsection (d)(8) provisions for contemporaneous emission increases, the applicant may, at any time, request in writing that the individual emission unit or project applicability provisions of Subsections (d)(1) and (d)(5) be used to determine LAER and emission offset applicability for the stationary source. However, such a stationary source may not again be eligible for the Subsection (d)(8) contemporaneous emission increase provisions for a period of five years from the time the request to use the individual emission unit or project applicability criteria was made.

(e) ADDITIONAL REQUIREMENTS

(1) Compliance Certification

Prior to receiving an Authority to Construct pursuant to this rule, an applicant for any new or modified stationary source required to satisfy the LAER of Subsection (d)(1) or the major source offset requirements of Subsection (d)(5) shall certify that all major stationary sources owned or operated by such person or by any entity controlling, controlled by or under common control with such a person in the state are in compliance, or on an approved schedule for compliance, with all applicable emission limitations and standards under the federal Clean Air Act.

(2) Alternative Siting and Alternatives Analysis

The applicant for any new major stationary source required to satisfy the LAER provisions of Subsection (d)(1) or the major source offset requirements of Subsection (d)(5), shall conduct an analysis of alternative sites, sizes, production processes, and environmental control techniques for such proposed source which demonstrates that the benefits of the proposed source outweigh the environmental and social costs imposed as a result of its location or construction. Analyses conducted in conjunction with state or federal statutory requirements may be used.

4. RULE 20.4. NEW SOURCE REVIEW - PORTABLE EMISSION UNITS

(a) APPLICABILITY

This rule applies to any new or modified portable emission unit and to any portable emission unit being moved from one stationary source to another.

(b) EXEMPTIONS

The exemptions contained in Rule 20.1, Section (b) apply to this rule. In addition, the provisions of this rule, excluding the requirements of Subsection (d)(2)(ii), shall not apply to any previously permitted portable emission unit, unless such unit is modified.

(c) DEFINITIONS

The definitions contained in Rule 20.1, Section (c) shall apply to this rule. In addition, for purposes of this rule, the following definitions shall apply.

(1) "**Initial Permit Issuance**" means the first instance an Authority to Construct is issued for an emission unit pursuant to Rules 20.1 and 20.4, as they are currently in effect.

(2) "**Previously Permitted**" means a portable emission unit which has a valid Authority to Construct or Permit to Operate issued pursuant to these Rules and Regulations prior to *(date of adoption)* and that the emission unit has not been modified since *(date of adoption)* or otherwise undergone initial permit issuance.

(3) "**Type I Portable Emission Unit**" means a portable emission unit that can be operated only at stationary sources which have an aggregate potential to emit of less than 15 tons per year of particulate matter (PM_{10}), oxides of nitrogen (NOx), volatile organic compounds (VOC), oxides of sulfur (SOx) and carbon monoxide (CO).

(4) "**Type II Portable Emission Unit**" means a portable emission unit that can be operated only at stationary sources which have an aggregate potential to emit of less than the emission rates listed in Table 20.4 - 1. Type II portable emission units may also operate at stationary sources which have an aggregate potential to emit greater than the emission rates listed in Table 20.4 - 1, if emission offsets at the ratios specified for Type III portable emission units are provided for the period of time the portable emission unit is located at such a stationary source. If the District has received final reclassification to a "serious" ozone non-attainment area by the federal Environmental Protection Agency, Table 20.4 - 1A shall be used.

TABLE 20.4 - 1
Federal Severe Ozone Nonattainment Classification

Air Contaminant:	Emission Rate (Ton/yr)
Particulate Matter (PM_{10})	100
Oxides of Nitrogen (NOx)	25
Volatile Organic Compounds (VOC)	25
Oxides of Sulfur (SOx)	100
Carbon Monoxide (CO)	100
Lead (Pb)	0.6

TABLE 20.4 - 1A
Federal Serious Ozone Nonattainment Cassification

Air Contaminant:	*Emission Rate (Ton/yr)*
Particulate Matter (PM_{10})	*100*
Oxides of Nitrogen (NOx)	*50*
Volatile Organic Compounds (VOC)	*50*
Oxides of Sulfur (SOx)	*100*
Carbon Monoxide (CO)	*100*
Lead (Pb)	*0.6*

NOTE: The emission rates specified in this Table shall be used only if San Diego County has received final reclassification to a "serious" ozone non-attainment area by the federal Environmental Protection Agency. As of *(date of adoption)*, San Diego County was classified as a "severe" ozone nonattainment area by the federal Environmental Protection Agency.

(5) **"Type III Portable Emission Unit"** means a portable emission unit that can be operated at any stationary source, regardless of the source's aggregate potential to emit.

(d) **STANDARDS**

(1) **BACT FOR NEW OR MODIFIED PORTABLE EMISSION UNITS**

The Air Pollution Control Officer shall deny an Authority to Construct for any new or modified portable emission unit which has any increase in its potential to emit and which unit has a post-project potential to emit of ten pounds per day or more of particulate matter (PM_{10}), oxides of nitrogen (NOx), volatile organic compounds (VOC), oxides of sulfur (SOx), or carbon monoxide (CO), unless the applicant demonstrates that such unit will be equipped with Best Available Control Technology (BACT) for each such air contaminant.

(2) **AIR QUALITY IMPACT ANALYSIS (AQIA)**

The Air Pollution Control Officer shall deny an Authority to Construct or modified Permit to Operate for any portable emission unit unless the following requirements are satisfied. Modeling shall be used to conduct any Air Quality Impact Analysis (AQIA). The AQIA shall be performed using maximum expected ambient air contaminant concentrations within San Diego County, based on existing data, unless the applicant agrees to enforceable permit conditions that requires a new AQIA whenever the equipment is to be located at a stationary source for which the initial AQIA was not representative. Area fugitive emissions of PM_{10} shall not be included in the demonstrations required below, unless the Air Pollution Control Officer determines, on a case-by-case basis, that a project's area fugitive emissions of PM_{10} must be evaluated in order to protect public health and welfare.

(i) **AQIA for Portable Emission Units**

(A) Initial Permit Issuance

For each new or modified portable emission unit which results in an emissions increase equal to or greater than the amounts listed in Table 20.4 - 2, the applicant shall demonstrate to the satisfaction of the Air Pollution Control Officer through an AQIA, that the new or modified portable emission unit will not:

(1) cause a violation of a state or national ambient air quality standard anywhere that does not already exceed such standard, nor

(2) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded, nor

(3) cause additional violations of a state ambient air quality standard anywhere the standard is already being exceeded, except as provided for in Subsection(d)(2)(iii), nor

(4) prevent nor interfere with the attainment or maintenance of any state or national ambient air quality standard.

If a particulate matter AQIA is required, the AQIA shall include both directly emitted particulate matter and particulate matter which would be formed by precursor air contaminants prior to discharge to the atmosphere.

TABLE 20.4 - 2
AQIA Trigger Levels

Air Contaminant	Emission Rate (lb/hr)	(lb/day)
Particulate Matter (PM_{10})	---	100
Oxides of Nitrogen (NOx)	25	250
Oxides of Sulfur (SOx)	25	250
Carbon Monoxide (CO)	100	550
Lead and Lead Compounds	---	3.2

(B) Previously Permitted Emission Units

For each previously permitted portable emission unit which has a potential to emit equal to or greater than the amounts listed in Table 20.4 - 2, the applicant shall demonstrate to the satisfaction of the Air Pollution Control Officer through an AQIA, on or before *(one year after date of adoption)*, that the portable emission unit will not:

(1) cause a violation of a state or national ambient air quality standard anywhere that does not already exceed such standard, nor

(2) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded, nor

(3) cause additional violations of a state ambient air quality standard anywhere the standard is already being exceeded, except as provided for in Subsection(d)(2)(iii), nor

(4) prevent nor interfere with the attainment or maintenance of any state or national ambient air quality standard.

A previously performed AQIA may be used to satisfy part or all of this requirement, with the approval of the Air Pollution Control Officer, if it is determined that the AQIA is representative of proposed operating conditions and background concentrations have not increased. If a particulate matter AQIA is required, the AQIA shall include both directly emitted particulate matter and particulate matter which would be formed by precursor air contaminants prior to discharge to the atmosphere.

(ii) **AQIA not Required for NOx or VOC Impacts on Ozone**

Notwithstanding any other provision of this rule, a demonstration shall not be required for determining the impacts from a portable emission unit's oxides of nitrogen (NOx) or volatile organic compound (VOC) emissions on the state or national ambient air quality standards for ozone, unless the Air Pollution Control Officer determines that adequate procedures exist for determining the impacts of oxides of nitrogen or volatile organic compound emissions from point sources on ozone ambient air quality standards and that such procedures are acceptable to the California Air Resources Board or the federal Environmental Protection Agency.

(iii) **AQIA Requirements for PM_{10} Impacts May be Waived**

Notwithstanding the requirements of Subsection (d)(2)(i) above, the Air Pollution Control Officer may waive the AQIA requirements for particulate matter impacts on the state ambient air quality standards, as follows:

(A) If the emission unit will result in a maximum particulate matter air quality impact of less than 5 $\mu g/m^3$ (24-hour average basis) and 3 $\mu g/m^3$ (annual geometric mean basis), all of the emission unit's particulate matter (PM_{10}) emission increases, including area fugitive emissions of particulate matter, must be offset at a ratio of 2 to 1 in accordance with Subsection (d)(5)(i).

(B) If the project will result in a maximum particulate matter air quality impact equal to or greater than 5 $\mu g/m^3$ but less than 10 $\mu g/m^3$ (24-hour average basis) or equal to or greater than 3 $\mu g/m^3$ but less than 6 $\mu g/m^3$ (annual geometric mean basis):

(1) the emission unit must be equipped with BACT for particulate matter without consideration for cost-effectiveness,

(2) all of the emission unit's particulate matter emission increases, including area fugitive emissions of particulate matter, must be offset at an overall ratio of 2 to 1 in accordance with Subsection (d)(5)(i),

(3) sufficient emission offsets must be provided within the emission unit's impact area to offset all of the project's particulate matter

emission increases, including area fugitive emissions of particulate matter, at a ratio of at least 1 to 1,

(4) emission offsets in an amount and location which are demonstrated to have a modeled off-stationary source air quality impact at least equal to the emission unit's particulate matter ambient air quality impact minus 5 $\mu g/m^3$ (24-hour average basis) and 3 $\mu g/m^3$ (annual geometric mean basis) must be provided, and

(5) all reasonable efforts to reduce the air quality impacts of the project are made.

(C) In no case shall the project result in a maximum particulate matter air quality impact equal to or greater than 10 $\mu g/m^3$ (24-hour average basis) or equal to or greater than 6 $\mu g/m^3$ (annual geometric mean basis).

(iv) **AQIA May be Required**

Notwithstanding any other provision of this rule, the Air Pollution Control Officer may require an AQIA for any portable emission unit, or aggregation of portable emission units, if it may be expected to:

(A) cause a violation of a state or national ambient air quality standard anywhere that does not already exceed such standard, or

(B) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded, or

(C) cause additional violations of a state ambient air quality standard anywhere the standard is already being exceeded, except as provided for in Subsection (d)(2)(iii), or

(D) prevent or interfere with the attainment or maintenance of any state or national ambient air quality standard.

This provision may be invoked notwithstanding the equipment being previously permitted or having undergone initial permit issuance.

(3) **PREVENTION OF SIGNIFICANT DETERIORATION (PSD)**

The Air Pollution Control Officer shall deny an Authority to Construct for any portable emission unit which is expected to have a significant impact on any Class I area, as determined by an AQIA required pursuant to Subsection (d)(2), unless the following requirements are satisfied.

(i) **Federal Land Manager and Federal EPA Notification**

The Federal Land Manager and the federal Environmental Protection Agency (EPA) have been notified in writing. This notification shall include all of the information specified by Subsection (d)(4)(iv), the location(s) where operation of the portable emission unit may cause a significant impact on any Class I area, the approximate distance from all Class I areas within 100 km of San Diego County (as specified in Rule 20.1, Table 20.1-3) and the results of the AQIA, and

(ii) **CARB, SCAQMD and Imperial County APCD Notification**

The California Air Resources Board (CARB), the South Coast Air Quality Management District (SCAQMD) and the Imperial County Air Pollution Control District have been notified and have been provided the information specified in Subsection (d)(4)(iv).

(4) **PUBLIC NOTICE AND COMMENT**

The Air Pollution Control Officer shall not issue an Authority to Construct for any portable emission unit subject to the AQIA or notification requirements of Subsections (d)(2) or (d)(3), unless the following requirements are satisfied.

(i) **Public Comment Period**

At least 40 days before taking final action on an application subject to the requirements of Subsections (d)(2) or (d)(3), the Air Pollution Control Officer shall:

(A) provide the public with notice of the proposed action in the manner prescribed in Subsection (d)(4)(iii), and

(B) make available for public inspection all information relevant to the proposed action as specified in Subsection (d)(4)(iv), and

(C) provide at least a 30-day period within which comments may be submitted.

The Air Pollution Control Officer shall consider all comments submitted.

(ii) **Applicant Response**

Except as agreed to by the applicant and the Air Pollution Control Officer and to the extent consistent with Rule 18, no later than 10 days after close of the public comment period, the applicant may submit written responses to any comment received during the public comment period. Responses submitted by the applicant shall be considered prior to the Air Pollution Control Officer taking final action. The applicant's responses shall be made available for public review.

(iii) **Publication of Notice**

The Air Pollution Control Officer shall publish a notice of the proposed action in at least one newspaper of general circulation in San Diego County. The notice shall:

(A) describe the proposed action, and

(B) identify the location(s) where the public may inspect the information relevant to the proposed action, and

(C) indicate the date by which all comments must be received by the District for consideration prior to taking final action.

(iv) **Information to be Made Available for Public Inspection**

The relevant information to be made available for public inspection shall include, but is not limited to:

(A) the application and all analyses and documentation used to support the proposed action, the District's compliance evaluation, a copy of the draft Authority to Construct or Permit to Operate and any information submitted by the applicant not previously labeled Trade Secret pursuant to Regulation IX, and

(B) the proposed District action on the application, including the preliminary decision to approve, conditionally approve or deny the application and the reasons therefor.

(5) EMISSION OFFSETS

The Air Pollution Control Officer shall not issue an Authority to Construct for any portable emission unit unless emission offsets are provided on a pollutant specific basis for emission increases of non-attainment air contaminants and their precursors. Emission offsets shall be provided based on the portable emission unit Type, as specified in Table 20.4 - 3. If the District is reclassified to a "serious" ozone non-attainment area by the federal Environmental Protection Agency, the offset ratios shall be those specified in Table 20.4 - 3A. As provided for in Subsection (d)(5)(iii), interpollutant offsets may be used.

TABLE 20.4 - 3
Emission Offset Ratios
Severe Ozone Non-Attainment Classification

Portable Emission Unit Type	Offset Ratio NOx	VOC	PM_{10}	SOx	CO
Type I	None	None	None	None	None
Type II	1 : 1	1 : 1	1 : 1	1 : 1	1 : 1
Type III	1.3:1.0	1.3:1.0	1 : 1	1 : 1	1 : 1

TABLE 20.4 - 3A
Emission Offset Ratios
Serious Ozone Non-Attainment Classification

Portable Emission Unit Type	*Offset Ratio NOx*	*VOC*	*PM_{10}*	*SOx*	*CO*
Type I	*None*	*None*	*None*	*None*	*None*
Type II	*1 : 1*	*1 : 1*	*1 : 1*	*1:1*	*1 : 1*
Type III	*1.2: 1.0*	*1.2: 1.0*	*1 : 1*	*1 : 1*	*1 : 1*

NOTE: The offset ratios specified in this Table shall be used only if San Diego County has received final reclassification to a "serious" ozone non-attainment area by the federal Environmental Protection Agency. As of *(date of adoption)*, San Diego County was classified as a "severe" ozone nonattainment area by the federal Environmental Protection Agency.

(i) **PM_{10} Waiver Provisions**

To qualify for the AQIA waiver provisions of Subsection (d)(2)(iii), emission offsets for particulate matter (PM_{10}) must be provided at a 2 to 1 offset ratio, regardless of portable emission unit Type.

(ii) **Waiver of CO Offset Requirements**

Notwithstanding the offset provisions of this Subsection (d)(5), if an applicant demonstrates to the satisfaction of the Air Pollution Control Officer, by means of an AQIA, that the new or modified portable emission unit will not cause or contribute to a violation, nor interfere with the attainment or maintenance, of any state or national ambient air quality standard for carbon monoxide (CO), emission offsets for carbon monoxide shall not be required.

(iii) **Interpollutant Offset Ratios**

The Air Pollution Control Officer may allow the use of interpollutant emission offsets at the ratios specified in Table 20.4 - 4 to satisfy the offset requirements of Subsection (d)(5), provided the applicant demonstrates to the satisfaction of the Air Pollution Control Officer, that the AQIA requirements of Subsection (d)(2), as applicable, are satisfied for the emission increase. The interpollutant ratios shall be multiplied by the emission offset ratios required by Subsection (d)(5), to determine the final offset ratio.

TABLE 20.4 - 4
Interpollutant Offset Ratio

Emission Increase	Emission Decrease	Interpollutant Ratio
Particulate Matter (PM_{10})	PM_{10}	1.0
	VOC	1.1
	NOx	1.1
	SOx	1.1
Oxides of Sulfur (SOx)	SOx	1.0
	PM_{10}	1.1
	VOC	1.1
	NOx	1.1
Oxides of Nitrogen (NOx)	NOx	1.0
	VOC	2.0
Volatile Organic Compounds (VOC)	VOC	1.0
	NOx	1.0

(iv) **Alternative Offsetting**

Emission offsets required by Subsection (d)(5) may, instead of being provided on a unit by unit basis, be provided in the following manner.

(A) Emission Offset Pool

The owner or operator of a portable emission unit may satisfy the offset requirements of Subsection (d)(5), by the use of an emission offset pool. An emission offset pool shall consist of emission offsets which are designated for use by any number of portable emission units. Prior to renting, leasing or otherwise making portable emission units available for use, the owner or operator shall reserve the appropriate amount of offsets based on the portable emission unit Type. The following recordkeeping requirements shall apply:

(1) The owner of portable emission units shall maintain daily records containing sufficient information to ensure compliance with the provisions of this rule and compile these records into a log. The daily logs shall be kept and shall include the following information for each portable emission unit except those which are in a designated holding yard or in transit: the permit number, the portable equipment type, the date, the potential to emit of the unit (tons per year), the name of the stationary source where the unit is available for use, the stationary source's offset classification based on the stationary source's potential to emit (i.e. less than 15 tons per year, 15 to 25 tons per year, 25 to 100 tons per year, or over 100 tons per year; if the federal Environmental Protection Agency reclassifies San Diego County as a "Serious" ozone non-attainment area, the values are: less than 15 tons per year, 15 to 50 tons per year, 50 to 100 tons per year, or over 100 tons per year) for each pollutant emitted by the portable emission unit, the sum of all portable emission unit's potentials to emit which are available for use on that day, and a comparison between the sum of all portable emission units' potentials to emit, the required offset ratio, and the total amount of offsets (tons per year) in the offset pool.

(2) The owner shall summarize the daily logs into an annual compliance log and make the daily and annual logs and supporting documentation available to the District upon request.

(B) Temporary Limitation on Existing Emission Units

With the written concurrence of the permit holder, the Air Pollution Control Officer may place temporary limitations on the operation of any existing emission unit(s) at the stationary source where a portable emission unit is to be located, in order to create temporary offsetting emission reductions. Temporary emission reductions shall be provided for the entire period of time that the portable emission unit is located at the stationary source. Emission reductions created by the temporary shutdown or curtailment of existing unit(s) at the stationary source shall be used to offset the portable emission unit's potential to emit, provided the reductions satisfy the offset ratio requirements of Subsection (d)(5).

If a portable emission unit is brought onto a stationary source to remedy an immediately occurring emergency situation, notice of temporary credits to offset the portable emission unit emissions shall be made within 24 hours from the time the portable emission unit is made available for use at the affected stationary source.

5. RULE 20.9. NEW SOURCE REVIEW - MAJOR STATIONARY SOURCES AND PROVISIONS FOR MEETING THE FEDERAL CLEAN AIR ACT REQUIREMENTS

The purpose of Rule 20.9 is to satisfy the requirements of the 1990 federal Clean Air Act Amendments as they apply to San Diego County, for any new or modified emission unit located at a major stationary source or at a PSD stationary source.

(a) APPLICABILITY

Compliance in full with the provisions of Rule 20.3 shall be deemed to constitute compliance with the provisions of Rule 20.9. This rule applies to any new or modified major stationary source, to any new or modified emission unit and to any relocated emission unit being moved from a stationary source, if, after completion of the project, the stationary source will be a major stationary source, or a PSD Stationary Source.

(b) EXEMPTIONS

The exemptions contained in Rule 20.1, Section (b) apply to this rule. In addition, for purposes of this rule, the following exemptions shall apply.

(1) Maintenance emissions from emergency equipment shall be exempt from the Lowest Achievable Emission Rate (LAER) requirements of Subsection (d)(1) and shall instead be subject to the Best Available Control Technology (BACT) provisions of Subsection (d)(1)(iii), as applicable.

(2) Emission units which are to be temporarily relocated to another stationary source shall be exempt from the provisions of Subsection (d)(1) provided that:

(i) the emission unit is not being modified,

(ii) there is no increase in the emission unit's potential to emit,

(iii) the unit is not located for more than 180 days at the stationary source where it is moved to, and

(iv) the emission unit is not located at more than two stationary sources over any 365-day period.

(3) Emission units which are intended to be permanently relocated to another stationary source shall be exempt from the provisions of Subsection (d)(1), provided that:

(i) There is no increase in the emission unit's potential to emit,

(ii) The relocation occurs within 10 miles of the previous stationary source, and

(iii) The relocated emission unit commences operating at the stationary source it was relocated to within one year of the emission unit ceasing operations at its previous stationary source.

(c) DEFINITIONS

The definitions contained in Rule 20.1, Section (c) apply to this rule.

(d) **STANDARDS**

(1) **BEST AVAILABLE CONTROL TECHNOLOGY (BACT) AND LOWEST ACHIEVABLE EMISSION RATE (LAER)**

The Air Pollution Control Officer shall deny an Authority to Construct for any emission unit subject to this rule unless the applicant demonstrates that the following requirements will be satisfied:

(i) **LAER Provisions**

As provided below, the Lowest Achievable Emission Rate (LAER) provisions apply to those air contaminants and their precursors for which the District is classified as non-attainment of the national ambient air quality standards and for which the stationary source exceeds a major stationary source trigger level, contained in Rule 20.1, Tables 20.1 - 6 and 20.1 - 6A, as applicable.

(A) New or Modified Emission Units - LAER Provisions

Except as provided for in Subsection (d)(7), any emission unit which has an increase in its potential to emit of a pollutant for which the stationary source is a new major stationary source or is an existing major stationary source where there is a major modification for that pollutant and which unit has a post-project potential to emit ten pounds per day or more of particulate matter (PM_{10}), oxides of nitrogen (NOx), volatile organic compounds (VOC), oxides of sulfur (SOx), carbon monoxide (CO), or lead (Pb) shall be equipped with LAER.

(B) Relocated Emission Units - LAER Provisions

Except as provided for in Subsections (b)(2), (b)(3) and (d)(7), any relocated emission unit with a post-project potential to emit of 10 pounds per day or more of particulate matter, oxides of nitrogen, volatile organic compounds, oxides of sulfur, or carbon monoxide, shall be equipped with LAER.

(C) Replacement Emission Units - LAER Provisions

Except as provided for in Subsection (d)(7), any replacement emission unit with a post-project potential to emit of 10 pounds per day or more of particulate matter, oxides of nitrogen, volatile organic compounds, oxides of sulfur, or carbon monoxide, shall be equipped with LAER.

(ii) **BACT Provisions**

As provided below, the Best Available Control Technology (BACT) provisions apply to those air contaminants for which the District is classified as attainment or unclassifiable of the national ambient air quality standards and for which the stationary source exceeds a Prevention of Significant Deterioration (PSD) stationary source trigger level, contained in Rule 20.1, Tables 20.1 - 10 and 20.1 - 11, as applicable.:

(A) New or Modified Emission Units - BACT Provisions

Any emission unit which has an increase in its potential to emit of a pollutant for which the stationary source is a new PSD stationary source or is an existing PSD stationary source where there is a PSD modification for that

pollutant and which unit has a post-project potential to emit ten pounds per day or more of particulate matter, oxides of nitrogen, volatile organic compounds, oxides of sulfur, carbon monoxide, or lead shall be equipped with BACT.

(B) Relocated Emission Units - BACT Provisions

Any relocated emission unit with a post-project potential to emit of 10 pounds per day or more of particulate matter, oxides of nitrogen, volatile organic compounds, oxides of sulfur, or carbon monoxide, shall be equipped with BACT.

(C) Replacement Emission Units - BACT Provisions

Any replacement emission unit with a post-project potential to emit of 10 pounds per day or more of particulate matter, oxides of nitrogen, volatile organic compounds, oxides of sulfur, or carbon monoxide, shall be equipped with BACT.

(D) New or Modified Emission Units - Non-Criteria Pollutants

Any new or modified emission unit at a PSD stationary source, which emission unit has an emission increase equal to or greater than the non-criteria pollutant emissions significance levels, shall be equipped with BACT for each such air contaminant.

(iii) **Emergency Equipment Emission Units**

Any new or modified emergency equipment emission unit which has any increase in its potential to emit and which unit has a post-project potential to emit of 10 pounds per day or more of particulate matter, oxides of nitrogen, volatile organic compounds, oxides of sulfur, or carbon monoxide, shall be equipped with BACT for each such air contaminant. BACT shall apply based on the unit's maintenance emissions and excluding the unit's emissions while operating during emergency situations.

(2) RESERVED

(3) PREVENTION OF SIGNIFICANT DETERIORATION (PSD)

The Air Pollution Control Officer shall deny an Authority to Construct for any project subject to this rule unless the applicant demonstrates that the following requirements are satisfied.

(i) **Applicability**

(A) New PSD Stationary Source and PSD Modification

The provisions of Subsections (d)(3)(ii) through (vii) shall apply to any new PSD stationary source and to any PSD modification, for those air contaminants for which the District is classified as attainment or unclassified of the national ambient air quality standard.

(B) Significant Impact

The provisions of Subsections (d)(3)(ii) through (vii) shall apply to any project which is expected to have a significant impact on any Class I area, ~~as~~

~~determined by an AQIA,~~ regardless of the Class I area's national attainment or non-attainment classification. For Class II areas, the provisions of Subsections (d)(3)(ii) through (vii) apply only if, in addition to causing a significant impact, the Class II area where the significant impact occurs is classified as attainment of the national ambient air quality standard for that pollutant.

(C) Non-Criteria Pollutant Emissions Significance Levels

The provisions of Subsections (d)(3)(ii), (iii), (v), and (vii) shall apply to any emission increase of a non-criteria air contaminant at a PSD stationary source with a potential to emit equal to or greater than a non-criteria emissions significance level for the air contaminant, occurring at a PSD stationary source.

(ii) **Notification Requirements**

(A) Notification of Federal Land Manager - Before Application Submittal

The applicant shall provide written notification to the Federal Land Manager of the applicant's intent to file an application for an Authority to Construct, Permit to Operate, or Determination of Compliance pursuant to Rule 20.5, not less than 30 days prior to application submittal. The applicant's notification to the Federal Land Manager shall include copies of all of the analyses required by this Subsection (d)(3). Concurrently, the applicant shall notify the federal Environmental Protection Agency and the District, and provide copies of the written notification given to the Federal Land Manager.

(B) Notification of Federal Land Manager - After Application Submittal

If a project is modified prior to issuance of an Authority to Construct such that it becomes subject to Subsection (d)(3), the Air Pollution Control Officer shall provide the notification required by Subsection (d)(3)(ii)(A) no later than 15 days after it is determined that the provisions of Subsection (d)(3) apply.

(C) Failure to Notify

If the applicant has failed to provide the notification required by Subsection (d)(3)(ii)(A) within the time periods described in that subsection, the applicant shall provide the notification required by that subsection no later than 15 days after the Air Pollution Control Officer informs the applicant that the provisions of Subsection (d)(3) apply.

(iii) **Air Quality Impact Analysis (AQIA)**

The applicant shall perform an AQIA for those pollutants for which, pursuant to Subsection (d)(3)(i), Subsection (d)(3) applies. When performing the AQIA, projected growth calculated pursuant to Subsection (d)(3)(v)(A) shall be taken into account. Area fugitive emissions of PM_{10} shall not be included in the AQIA, unless the Air Pollution Control Officer determines, on a case-by-case basis, that a project's area fugitive emissions of PM_{10} must be evaluated in order to protect public health and welfare. A demonstration shall not be required for determining the impacts from a project's oxides of nitrogen or volatile organic compound emissions on the national ambient air quality standard for ozone, unless the Air Pollution Control Officer determines that adequate procedures exist for determining the impacts of oxides of nitrogen or volatile organic compound emissions from point sources on

ozone ambient air quality standards and that such procedures are acceptable to the federal Environmental Protection Agency.

(A) The applicant shall demonstrate to the satisfaction of the Air Pollution Control Officer through an air quality impact analysis, that the project will not:

(1) cause a violation of a national ambient air quality standard anywhere that does not already exceed such standard, nor

(2) cause additional violations of a national ambient air quality standard anywhere the standard is already being exceeded, nor

(3) prevent nor interfere with the attainment or maintenance of any national ambient air quality standard.

If a particulate matter AQIA is required, the AQIA shall include both directly emitted particulate matter and particulate matter which would be formed by precursor air contaminants prior to discharge to the atmosphere.

(B) The Air Pollution Control Officer shall comply with the public comment and notice provisions of Subsection (d)(4) and with the following:

(1) Federal Land Manager and federal EPA Notification

Notify the Federal Land Manager and the Environmental Protection Agency (EPA). This notification shall include all of the analyses required by Subsection (d)(3), the location of the project, the project's approximate distance from all Class I areas within 100 km of San Diego County (as specified in Rule 20.1, Table 20.1 - 3), and the results of the AQIA, at least 60 days prior to the public comment period required by Subsection (d)(4).

(2) CARB, SCAQMD and Imperial County APCD Notification

Notify and submit to the California Air Resources Board (CARB), the South Coast Air Quality Management District (SCAQMD) and the Imperial County Air Pollution Control District all of the information required by Subsection (d)(4)(iv).

(iv) **Air Quality Increment**

If the stationary source is located in an area designated as attainment or unclassified for the sulfur dioxide, nitrogen dioxide, or particulate matter national ambient air quality standard pursuant to Section 107(d)(1)(D) or (E) of the federal Clean Air Act, the following shall be satisfied:

(A) The applicant shall demonstrate to the satisfaction of the Air Pollution Control Officer, using procedures approved by the Air Pollution Control Officer, that the applicable air quality increments are not exceeded within the project's impact area.

(B) The demonstration required by Subsection (d)(3)(iv)(A), shall include the following:

(1) a description of the federal attainment area where a significant impact occurs and the attainment area's corresponding non-major source baseline date, and

(2) an analysis of the air quality impacts of all increment consuming and increment expanding emissions within the impact area, and

(3) an analysis of the air quality impacts of increment consuming and increment expanding emissions outside the impact area that may have a significant impact within the impact area.

(v) Additional Impacts Analyses

The analyses required by Subsections (d)(3)(v)(A) through (C), shall include the impacts of total emissions which exceed a non-criteria emissions significance level.

(A) Growth Analysis

The applicant shall prepare a growth analysis containing all of the following:

(1) an assessment of the availability of residential, commercial, and industrial services in the area surrounding the stationary source,

(2) a projection of the growth in residential, industrial and commercial sources, construction related activities, and permanent and temporary mobile sources which will result from the construction of the new major stationary source or major modification, including any secondary emissions associated with the construction,

(3) an estimate of the emission of all pollutants from the projected growth, and

(4) a determination of the air quality impacts occurring due to the combined emissions from the projected growth and the stationary source's emissions increase.

(B) Soils & Vegetation Analysis

The applicant shall perform an analysis of the impacts from air contaminants on soils and vegetation containing all of the following:

(1) the analysis shall be based on an inventory of the soils and vegetation types found in the impact area, including all vegetation with any commercial or recreational value, and

(2) the analysis shall consider the impacts of the combined emissions from projected growth as determined above, pursuant to Subsection (d)(3)(v)(A) and the stationary source's emissions increase.

(C) Visibility Impairment Analysis

The applicant shall perform a visibility impairment analysis. The analysis shall focus on the effects of the emission increases from the new PSD stationary source or PSD modification and their impacts on visibility within the

impact area. The analysis shall include a catalog of scenic vistas, airports, or other areas which could be affected by a loss of visibility within the impact area, a determination of the visual quality of the impact area, and an initial screening of emission sources to assess the possibility of visibility impairment. If the screening analysis indicates that a visibility impairment will occur, as determined by the Air Pollution Control Officer, a more in-depth visibility analysis shall be prepared.

(vi) **Protection of Class I Areas**

(A) Requirements

(1) An AQIA shall be prepared as prescribed in Subsection (d)(3). The AQIA shall include a demonstration that the new or modified stationary source will not cause or contribute to a violation of any national ambient air quality standard nor interfere with the attainment or maintenance of those standards.

(2) The analyses contained in Subsections (d)(3)(iii) through (v) shall be prepared for all emission increases which will result in a significant impact.

(B) Application Denial - Federal Land Manager/Air Pollution Control Officer Concurrence

The Air Pollution Control Officer shall deny an Authority to Construct for a new or modified stationary source subject to this Subsection (d)(3)(vi), if the Federal Land Manager demonstrates, and the Air Pollution Control Officer concurs, that granting the Authority to Construct would result in an adverse impact on visibility, soils, vegetation or air quality related values of a Class I area. The Air Pollution Control Officer shall take into consideration mitigation measures identified by the Federal Land Manager in making the determination.

(vii) **Additional Requirements**

(A) Tracking of Air Quality Increment Consumption Sources

The Air Pollution Control Officer shall track air quality increment consumption, consistent with current requirements established by the federal Environmental Protection Agency.

(B) Stack Height Requirement

The applicant for any new or modified PSD stationary source with a stack height greater than 65 meters must demonstrate to the satisfaction of the Air Pollution Control Officer that the new or modified stationary source complies with the most recent Good Engineering Practice (GEP) requirements contained in the 1993 version of 40 CFR 51.100 (ii).

(C) Preconstruction Monitoring Requirement

The applicant shall submit at least one year of continuous monitoring data, unless the Air Pollution Control Officer determines that a complete and adequate analysis can be accomplished with monitoring data gathered over a shorter

period. The requirement for monitoring may be waived by the Air Pollution Control Officer if representative monitoring data is already available.

(D) Cancellation of Authority to Construct

Any Authority to Construct issued to a PSD stationary source subject to the provisions of Subsection (d)(3), shall become invalid if construction is not commenced within 18 months after its issuance or if construction is discontinued for a period of 18 months or more after its issuance. The 18-month period may be extended by the Air Pollution Control Officer for good cause.

(4) PUBLIC NOTICE AND COMMENT

The Air Pollution Control Officer shall not issue an Authority to Construct for any project subject to the PSD requirements of Subsection (d)(3) unless the following requirements are satisfied.

(i) **Public Comment Period**

At least 40 days before taking final action on an application, the Air Pollution Control Officer shall:

(A) provide the public with notice of the proposed action in the manner prescribed in Subsection (d)(4)(iii), and

(B) provide the federal Environmental Protection Agency with notice of the proposed action and all of the information specified in Subsection (d)(4)(iv), and

(C) make available for public inspection all information relevant to the proposed action as specified in Subsection (d)(4)(iv), and

(D) provide at least a 30-day period within which comments may be submitted.

The Air Pollution Control Officer shall consider all comments submitted.

(ii) **Applicant Response**

Except as agreed to by the applicant and the Air Pollution Control Officer and to the extent consistent with Rule 18, no later than 10 days after close of the public comment period, the applicant may submit written responses to any comment received during the public comment period. Responses submitted by the applicant shall be considered prior to the Air Pollution Control Officer taking final action. The applicant's responses shall be made available for public review.

(iii) **Publication of Notice**

The Air Pollution Control Officer shall publish a notice of the proposed action in at least one newspaper of general circulation in San Diego County. The notice shall:

(A) describe the proposed action, and

(B) identify the location(s) where the public may inspect the information relevant to the proposed action, and

(C) indicate the date by which all comments must be received by the District for consideration prior to taking final action.

(iv) **Information to be Made Available for Public Inspection**

The relevant information to be made available for public inspection shall include, but not be limited to:

(A) the application and all analyses and documentation used to support the proposed action, the District's compliance evaluation, a copy of the draft Authority to Construct or Permit to Operate and any information submitted by the applicant not previously labeled Trade Secret pursuant to Regulation IX, and

(B) the proposed District action on the application, including the preliminary decision to approve, conditionally approve or deny the application and the reasons thereof.

(5) EMISSION OFFSETS

The Air Pollution Control Officer shall not issue an Authority to Construct for any project subject to this rule unless emission offsets are provided on a pollutant specific basis for emission increases of non-attainment air contaminants and their precursors. Emission offsets shall be provided only for those air contaminants for which the District is classified as non-attainment of a federal ambient air quality standard or their precursors. Emission offsets shall be required for any increase in the potential to emit of a pollutant for which the stationary source is a new major stationary source or is an existing major stationary source where there is a major modification for that pollutant. Emission offsets shall be required to the extent by which the stationary source's post-project aggregate potential to emit is greater than 25 tons per year, as specified below. If the District has received final reclassification to a "serious" ozone non-attainment area by the federal Environmental Protection Agency, emission offsets shall be required to the extent by which the stationary source's post-project aggregate potential to emit is greater than 50 tons per year, as specified below. Interpollutant offsets may be used, provided such offsets meet the requirements of Subsection (d)(5)(vi).

(i) **Offset Requirements for VOC and NOx Emission Increases - New or Modified Emission Units**

(A) Offset Requirements for VOC Emission Increases

The volatile organic compound (VOC) emission increase from a new or modified emission unit located at a stationary source with a volatile organic compound post-project aggregate potential to emit equal to or greater than 25 tons per year, shall be offset at the offset ratio specified in Table 20.9 - 2. If the District is reclassified to a "serious" ozone non-attainment area by the federal Environmental Protection Agency, the offset ratios shall be those specified in Table 20.9 - 2A.

(B) Offset Requirements for NOx Emission Increases

The oxides of nitrogen (NOx) emission increase from a new or modified emission unit located at a stationary source with an oxides of nitrogen post-project aggregate potential to emit equal to or greater than 25 tons per year, shall

be offset at the offset ratio specified in Table 20.9 - 2. If the District is reclassified as a "serious" ozone non-attainment area by the federal Environmental Protection Agency, the offset ratios shall be those specified in Table 20.9 - 2A.

TABLE 20.9 - 2
VOC and NOx Offset Ratios
Federal Severe Ozone Non-Attainment Classification

Stationary Source's Post-Project Aggregate VOC or NOx Potential to Emit	Offset Ratio NOx	Offset Ratio VOC
Potential < 25 tons/year	None	None
Potential ≥ 25 tons/year	1.3:1.0	1.3:1.0

TABLE 20.9 - 2A
VOC and NOx Offset Ratios
Serious Ozone Non-Attainment Classification

Stationary Source's Post-Project Aggregate VOC or NOx Potential to Emit	*Offset Ratio NOx*	*Offset Ratio VOC*
Potential < 50 tons/year	*None*	*None*
Potential ≥ 50 tons/year	*1.2:1.0*	*1.2:1.0*

NOTE: The offset ratios specified in this Table shall be used only if San Diego County has received final reclassification to a "serious" ozone non-attainment area by the federal Environmental Protection Agency. As of *(date of adoption)*, San Diego County was classified as a "severe" ozone nonattainment area by the federal Environmental Protection Agency.

(ii) **Offset Requirements for PM_{10} and SOx Emission Increases - New or Modified Emission Units**

(A) Offset Requirements for SOx Emission Increases

The oxides of sulfur (SOx) emission increase from a new or modified emission unit located at a stationary source with an oxides of sulfur post-project aggregate potential to emit equal to or greater than 100 tons per year shall be offset at the offset ratio specified in Table 20.9 - 3.

(B) Offset Requirements for PM_{10} Emission Increases

The particulate matter (PM_{10}) emission increase from a new or modified emission unit located at a stationary source with a particulate matter post-project aggregate potential to emit equal to or greater than 100 tons per year shall be offset at the offset ratio specified in Table 20.9 - 3.

TABLE 20.9 - 3
PM_{10} and SOx Offset Ratio

Stationary Source's Post-Project Aggregate VOC or NOx Potential to Emit	Offset Ratio PM_{10}	Offset Ratio SOx
Potential < 100 tons/year	None	None
Potential ≥ 100 tons/year	1 :1	1 :1

(C) **RESERVED**

(iii) **Offset Requirements for CO Emission Increases - New or Modified Emission Units**

(A) Offset Requirements for CO Emission Increases

The carbon monoxide (CO) emission increase from a new or modified emission unit located at a stationary source with a carbon monoxide post-project aggregate potential to emit equal to or greater than 100 tons per year, shall be offset at the offset ratio specified in Table 20.9 - 4.

TABLE 20.9 - 4
CO Offset Ratio

Stationary Source's Post-Project Aggregate CO Potential to Emit	Offset Ratio CO
Potential < 100 tons/year	None
Potential ≥ 100 tons/year	1 : 1

(B) Waiver of CO Offset Requirements

Notwithstanding the offset provisions of Subsection (d)(5)(iii)(A) above, if an applicant demonstrates to the satisfaction of the Air Pollution Control Officer, by means of an AQIA, that the new or modified emission unit will not cause or contribute to a violation, nor interfere with the attainment or maintenance, of any national ambient air quality standard for carbon monoxide, emission offsets for carbon monoxide shall not be required.

(iv) **RESERVED**

(v) **RESERVED**

(vi) **Interpollutant Offset Ratios**

The Air Pollution Control Officer may allow the use of interpollutant emission offsets at the ratios specified in Table 20.9 - 5 to satisfy the offset requirements of this Subsection (d)(5). The interpollutant ratios shall be multiplied by the emission offset ratios required by Subsection (d)(5), to determine the final offset ratio.

TABLE 20.9 - 5
Interpollutant Ratio

Emission Increase	Emission Decrease	Interpollutant Ratio
Particulate Matter (PM_{10})	PM_{10}	1.0
	VOC	1.1
	NOx	1.1
	SOx	1.1
Oxides of sulfur (SOx)	SOx	1.0
	PM10	1.1
	VOC	1.1
	NOx	1.1
Oxides of Nitrogen (NOx)	NOx	1.0
	VOC	2.0
Volatile Organic Compounds (VOC)	VOC	1.0
	NOx	1.0

(6) **RESERVED**

(7) **BACT INSTEAD OF LAER**

Any stationary source which provides volatile organic compounds or oxides of nitrogen emission reductions from within the stationary source at a ratio of at least 1.3 to 1.0 for any increase of volatile organic compounds or oxides of nitrogen subject to the LAER provisions of Subsection (d)(1), may apply BACT instead of LAER for such increases. In addition, any modification of an existing stationary source which results in an emission increase of volatile organic compounds or oxides of nitrogen, may apply BACT instead of LAER, provided the stationary source's post-project aggregate potential to emit is less than 100 tons per year of volatile organic compounds or oxides of nitrogen. This provision shall apply on a pollutant specific basis.

(8) **RESERVED**

(e) **ADDITIONAL REQUIREMENTS**

(1) **Compliance Certification**

Prior to receiving an Authority to Construct pursuant to this rule, an applicant for any new or modified stationary source required to satisfy the LAER provisions of Subsection (d)(1) or the major source offset requirements of Subsection (d)(5) shall certify that all major stationary sources owned or operated by such person or by any entity controlling, controlled by or under common control with such a person. in the state are in compliance, or on an approved schedule for compliance, with all applicable emission limitations and standards under the federal Clean Air Act.

(2) **Alternative Siting and Alternatives Analysis**

The applicant for any new major stationary source required to satisfy the LAER provisions of Subsection (d)(1) or the major source offset requirements of Subsection (d)(5), shall conduct an analysis of alternative sites, sizes, production processes, and environmental control techniques for such proposed source which demonstrates that the benefits of the proposed source outweigh the environmental and social costs imposed as a result of its location or construction. Analyses conducted in conjunction with state or federal statutory requirements may be used.

6. RULE 20.10. NEW SOURCE REVIEW - PORTABLE EMISSION UNITS TO BE LOCATED AT FEDERAL MAJOR STATIONARY SOURCES

The purpose of Rule 20.10 is to satisfy the requirements of the 1990 federal Clean Air Act Amendments as they apply to San Diego County, for any portable emission unit which is to be located at a major stationary source.

(a) APPLICABILITY

Compliance in full with the provisions of Rule 20.4 shall be deemed to constitute compliance with the provisions of Rule 20.10. This rule applies to any new or modified portable emission unit and to any portable emission unit being moved from one stationary source to another.

(b) EXEMPTIONS

The exemptions contained in Rule 20.1, Section (b) apply to this rule. In addition, the provisions of this rule shall not apply to any previously permitted portable emission unit unless such unit is modified.

(c) DEFINITIONS

The definitions contained in Rule 20.1, Section (c) shall apply to this rule. In addition, for purposes of this rule, the following definitions shall apply.

(1) "**Initial Permit Issuance**" means the first instance an Authority to Construct is issued for an emission unit pursuant to Rules 20.1 and 20.10 as they are currently in effect.

(2) "**Previously Permitted**" means a portable emission unit which has a valid Authority to Construct or Permit to Operate issued pursuant to these Rules and Regulations prior to *(date of adoption)* and that the emission unit has not been modified since *(date of adoption)* or otherwise undergone initial permit issuance.

(3) **RESERVED**

(4) **RESERVED**

(5) "**Type III Portable Emission Unit**" means a portable emission unit that can be operated at stationary sources which have an aggregate potential to emit equal to or greater then the emission rates listed in Table 20.10 - 1. If the District has received final reclassification to a "serious" ozone non-attainment area by the federal Environmental Protection Agency, Table 20.10 - 1A shall be used.

TABLE 20.10 - 1
Federal Severe Ozone Nonattainment Classification

Air Contaminant:	Emission Rate (Ton/yr)
Particulate Matter (PM_{10})	100
Oxides of Nitrogen (NOx)	25
Volatile Organic Compounds (VOC)	25
Oxides of Sulfur (SOx)	100
Carbon Monoxide (CO)	100
Lead (Pb)	0.6

TABLE 20.10 - 1A
Federal Serious Ozone Nonattainment Classification

Air Contaminant:	*Emission Rate (Ton/yr)*
Particulate Matter (PM_{10})	*100*
Oxides of Nitrogen (NOx)	*50*
Volatile Organic Compounds (VOC)	*50*
Oxides of Sulfur (SOx)	*100*
Carbon Monoxide (CO)	*100*
Lead (Pb)	*0.6*

NOTE: The emission rates specified in this Table shall be used only if San Diego County has received final reclassification to a "serious" ozone non-attainment area by the federal Environmental Protection Agency. As of *(date of adoption)*, San Diego County was classified as a "severe" ozone nonattainment area by the federal Environmental Protection Agency.

(d) **STANDARDS**

(1) **BACT FOR NEW OR MODIFIED PORTABLE EMISSION UNITS**

The Air Pollution Control Officer shall deny an Authority to Construct for any new or modified portable emission unit which has any increase in its potential to emit and which unit has a post-project potential to emit of ten pounds per day or more of particulate matter (PM_{10}), oxides of nitrogen (NOx), volatile organic compounds (VOC), oxides of sulfur (SOx), or carbon monoxide (CO), unless the applicant demonstrates that such unit will be equipped with Best Available Control Technology (BACT) for each such air contaminant.

(2) **RESERVED**

(3) **PREVENTION OF SIGNIFICANT DETERIORATION (PSD)**

The Air Pollution Control Officer shall deny an Authority to Construct for any portable emission unit which is expected to have a significant impact on any Class I area as determined by an Air Quality Impact Analysis (AQIA), unless the following requirements are satisfied.

(i) **Federal Land Manager and Federal EPA Notification**

The Federal Land Manager and the federal Environmental Protection Agency (EPA) have been notified in writing. This notification shall include all of the information specified by Subsection (d)(4)(iv), the location(s) where operation of the portable emission unit may cause a significant impact on any Class I area, and the approximate distance from all Class I areas within 100 km of San Diego County (as specified in Rule 20.1, Table 20.1 - 3) and the results of the AQIA, and

(ii) **CARB, SCAQMD and Imperial County APCD Notification**

The California Air Resources Board (CARB), the South Coast Air Quality Management District (SCAQMD) and the Imperial County Air Pollution Control District have been notified and have been provided the information specified in Subsection (d)(4)(iv).

(4) PUBLIC NOTICE AND COMMENT

The Air Pollution Control Officer shall not issue an Authority to Construct for any portable emission unit subject to the notification requirements of Subsection (d)(3), unless the following requirements are satisfied.

(i) **Public Comment Period**

At least 40 days before taking final action on an application subject to the requirements of Subsection (d)(3), the Air Pollution Control Officer shall:

(A) provide the public with notice of the proposed action in the manner prescribed in Subsection (d)(4)(iii), and

(B) make available for public inspection all information relevant to the proposed action as specified in Subsection (d)(4)(iv), and

(C) provide at least a 30-day period within which comments may be submitted.

The Air Pollution Control Officer shall consider all comments submitted.

(ii) **Applicant Response**

Except as agreed to by the applicant and the Air Pollution Control Officer and to the extent consistent with Rule 18, no later than 10 days after close of the public comment period, the applicant may submit written responses to any comment received during the public comment period. Responses submitted by the applicant shall be considered prior to the Air Pollution Control Officer taking final action. The applicant's responses shall be made available for public review.

(iii) **Publication of Notice**

The Air Pollution Control Officer shall publish a notice of the proposed action in at least one newspaper of general circulation in San Diego County. The notice shall:

(A) describe the proposed action, and

(B) identify the location(s) where the public may inspect the information relevant to the proposed action, and

(C) indicate the date by which all comments must be received by the District for consideration prior to taking final action.

(iv) **Information to be Made Available for Public Inspection**

The relevant information to be made available for public inspection shall include, but is not limited to:

(A) the application and all analyses and documentation used to support the proposed action, the District's compliance evaluation, a copy of the draft Authority to Construct or Permit to Operate and any information submitted by the applicant not previously labeled Trade Secret pursuant to Regulation IX, and

(B) the proposed District action on the application, including the preliminary decision to approve, conditionally approve or deny the application and the reasons therefor.

(5) EMISSION OFFSETS

The Air Pollution Control Officer shall not issue an Authority to Construct for any portable emission unit unless emission offsets are provided on a pollutant specific basis for emission increases of non-attainment air contaminants and their precursors. Emission offsets shall be provided based on the portable emission unit Type, as specified in Table 20.10 - 3. If the District is reclassified to a "serious" ozone non-attainment area by the federal Environmental Protection Agency, the offset ratios shall be those specified in Table 20.10 - 3A. As provided for in Subsection (d)(5)(iii), interpollutant offsets may be used.

TABLE 20.10 - 3
Emission Offset Ratios
Severe Ozone Non-Attainment Classification

Portable Emission Unit Type	Offset Ratio NOx	VOC	PM_{10}	SOx	CO
Type III	1.3:1.0	1.3:1.0	1 : 1	1 : 1	1 : 1

TABLE 20.10 - 3A
Emission Offset Ratios
Serious Ozone Non-Attainment Classification

Portable Emission Unit Type	*Offset Ratio NOx*	*VOC*	*PM_{10}*	*SOx*	*CO*
Type III	*1.2: 1.0*	*1.2: 1.0*	*1 : 1*	*1 : 1*	*1 : 1*

NOTE: The offset ratios specified in this Table shall be used only if San Diego County has received final reclassification to a "serious" ozone non-attainment area by the federal Environmental Protection Agency. As of *(date of adoption)*, San Diego County was classified as a "severe" ozone nonattainment area by the federal Environmental Protection Agency.

(i) **RESERVED**

(ii) **Waiver of CO Offset Requirements**

Notwithstanding the offset provisions of this Subsection (d)(5), if an applicant demonstrates to the satisfaction of the Air Pollution Control Officer, by means of an AQIA, that the new or modified portable emission unit will not cause or contribute to a violation, nor interfere with the attainment or maintenance, of any state or national ambient air quality standard for carbon monoxide, emission offsets for carbon monoxide shall not be required.

(iii) **Interpollutant Offset Ratios**

The Air Pollution Control Officer may allow the use of interpollutant emission offsets at the ratios specified in Table 20.10 - 4 to satisfy the offset requirements of Subsection (d)(5). The interpollutant ratios shall be multiplied by the emission offset ratios required by Subsection (d)(5), to determine the final offset ratio.

TABLE 20.10 - 4
Interpollutant Offset Ratio

Emission Increase	Emission Decrease	Interpollutant Ratio
Particulate Matter (PM_{10})	PM_{10}	1.0
	VOC	1.1
	NOx	1.1
	SOx	1.1
Oxides of Sulfur (SOx)	SOx	1.0
	PM_{10}	1.1
	VOC	1.1
	NOx	1.1
Oxides of Nitrogen (NOx)	NOx	1.0
	VOC	2.0
Volatile Organic Compounds (VOC)	VOC	1.0
	NOx	1.0

(iv) **Alternative Offsetting**

Emission offsets required by Subsection (d)(5) may, instead of being provided on a unit by unit basis, be provided in the following manner.

(A) Emission Offset Pool

The owner or operator of a portable emission unit may satisfy the offset requirements of Subsection (d)(5), by the use of an emission offset pool. An emission offset pool shall consist of emission offsets which are designated for use by any number of portable emission units. Prior to renting, leasing or otherwise making portable emission units available for use, the owner or operator shall reserve the appropriate amount of offsets based on the portable emission unit Type. The following recordkeeping requirements shall apply:

(1) The owner of portable emission units shall maintain daily records containing sufficient information to ensure compliance with the provisions of this rule and compile these records into a log. The daily logs shall be kept and shall include the following information for each portable emission unit except those which are in a designated holding yard or in transit: the permit number, the portable equipment type, the date, the potential to emit of the unit (tons per year), the name of the stationary source where the unit is available for use, the stationary source's offset classification based on the stationary source's potential to emit (i.e. 25 to 100 tons per year, or over 100 tons per year; if the federal Environmental Protection Agency reclassifies San Diego County as a "Serious" ozone non-attainment area, 50 to 100 tons per year, or over 100 tons per year) for each pollutant emitted by the portable emission unit, the sum of all portable emission unit's potentials to emit which are available for use on that day, and a comparison between the sum of all portable emission units' potentials to emit, the required offset ratio, and the total amount of offsets (tons per year) in the offset pool.

(2) The owner shall summarize the daily logs into an annual compliance log and make the daily and annual logs and supporting documentation available to the District upon request.

(B) Temporary Limitation on Existing Emission Units

With the written concurrence of the permit holder, the Air Pollution Control Officer may place temporary limitations on the operation of any existing emission unit(s) at the stationary source where a portable emission unit is to be located, in order to create temporary offsetting emission reductions. Temporary emission reductions shall be provided for the entire period of time that the portable emission unit is located at the stationary source. Emission reductions created by the temporary shutdown or curtailment of existing unit(s) at the stationary source shall be used to offset the portable emission unit's potential to emit, provided the reductions satisfy the offset ratio requirements of Subsection (d)(5).

If a portable emission unit is brought onto a stationary source to remedy an immediately occurring emergency situation, notice of temporary credits to offset the portable emission unit emissions shall be made within 24 hours from the time the portable emission unit is made available for use at the affected stationary source.

7. Proposed amendments to Rule 60 are to read as follows:

RULE 60. CIRCUMVENTION

(a) No person shall build, erect, install or use any article, machine, equipment, contrivance, or process, the use of which either conceals or dilutes an emission which would otherwise constitute a violation of Division 26, Part 4, Chapter 3, of the Health and Safety Code of the State of California or of these Rules and Regulations. Such concealment includes, but is not limited to, the piecemeal carrying out of an operation to avoid coverage by a standard that applies only to operations larger than a specified size, or the use of gaseous diluents to achieve compliance with an opacity standard or with a standard which is based on the concentration of a pollutant in the gases discharged to the atmosphere. This rule shall not apply to cases in which the only violation involved is of Section 41700 of the Health and Safety Code of the State of California, or of Rule 51 of these Rules and Regulations.

(b) Circumvention of New Source Review (NSR) by Ownership Arrangements

For purposes of New Source Review Rules 20.1, 20.2, 20.3, and 20.4 emission units that are not under common ownership or entitlement to use, but which are located or proposed to be located on the same or contiguous property, may be aggregated by the District and designated as a single stationary source, if treatment of such emission units as separate stationary source(s) would prevent application of any requirements of Rules 20.1, 20.2, 20.3, or 20.4 to either stationary source or stationary sources, provided such emission units are substantially related to each other upon a determination by the Air Pollution Control Officer that one or more of the indicators of a potential intent to circumvent the requirements of Rules 20.1, 20.2, 20.3 or 20.4 described in Subsections (b)(1) through (b)(7) of this rule exists.

For purposes of this rule, emission units are substantially related if the operation of an emission unit is typically dependent upon another emission unit (or vice versa), or the output of an emission unit will typically or frequently be used as the input to another emission unit (or vice versa).

For purposes of this rule, a potential intent to circumvent the requirements of Rule 20.1, 20.2, 20.3 or 20.4 exists if any one of the following circumstances exists:

(1) A transfer of ownership of an emission unit substantially related to another emission unit, both of which units were previously under common ownership, occured within the one year period prior to the submission of an application for Authority to Construct or Permit to Operate for any of the following:

(i) To modify either of the emission units previously under common ownership; or

(ii) To add a new emission unit which will be substantially related to either of the emission units previously under common ownership; or

(iii) To modify an emission unit which is substantially related to either of the emission units previously under common ownership; or

(iv) To relocate an emission unit to the stationary source where either of the emission units previously under common ownership is located, if the relocated emission unit will be substantially related to either of the emission units previously under common ownership; or

(2) Arrangements for lease or other payments, or prices for transfers of materials, between the owner or operator of an emission unit and the owner or operator of a substantially related emission unit do not reasonably reflect fair market values; or

(3) The owner or operator of an emission unit will receive payments from the owner or operator of a substantially related emission unit, which payments are related to the operation or product of the emission unit; or

(4) The owner or operator of an emission unit will make payments to the owner or operator of a substantially related emission unit, which payments are related to the operation or product of the substantially related emission unit; or

(5) The owner or operator of an emission unit will share revenues or profits with the owner or operator of a substantially related emission unit, which revenues or profits are related to the operations or product of the emission unit; or

(6) An emission unit functions substantially as a replacement for a similar emission unit or units that were part of a single stationary source on the same or contiguous property; or

(7) An emission unit has been, is being or is likely to be used at different times by the owner or operator of the emission unit and the owner or operator of any other emission unit on the same or contiguous property.

Any two emission units that may be aggregated with a third emission unit under the conditions set out above may be aggregated with each other.

The District may require applicants and other holders of Permits to Operate who may be affected by this rule to provide such documentation or other information as the District deems necessary to effectively apply this rule. The District may add conditions to an Authority to Construct and Permit to Operate to ensure that none of the circumstances set forth above related to the potential intent to circumvent the requirements of Rules 20.1, 20.2, 20.3 or 20.4 will exist in the future.

IT IS FURTHER RESOLVED AND ORDERED that the adoption of Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 of Regulation II, and amended Rule 60 of Regulation IV shall take effect upon adoption.

PASSED AND ADOPTED by the Air Pollution Control Board of the San Diego County Air Pollution Control District, State of California, this 17th day of May, 1994 by the following votes:

AYES:
NOES:
ABSENT:

APPROVED AS TO FORM AND LEGALITY
COUNTY COUNSEL
BY L. Dutton
DEPUTY

PASSED AND ADOPTED by the Air Pollution Control District of the County of San Deigo, State of California, this 17th day of May, 1994, Minute Order No. APCB1, by the following vote:

AYES: Members Bilbray, Jacob, Slater, Williams, MacDonald

NOES: Members None

ABSENT: Members None

– – –

STATE OF CALIFORNIA)ss
County of San Diego)

I, THOMAS J. PASTUSZKA, Clerk of the Air Pollution Control District, County of San Diego, State of California, hereby certify that I have compared the foregoing copy with the original resolution passed and adopted by said Board at a regular meeting thereof, at the time and by the vote therein stated, which original resolution is now on file in my office; that the same contains a full, true and correct transcript therefrom and of the whole thereof.

Witness my hand and the seal of the Air Pollution Control District, County of San Diego, State of California, this 17th day of May, 1994.

THOMAS J. PASTUSZKA
Clerk of the Air Pollution Control District

By _____
Susan Morgan, Deputy

This is a true certified copy of the original document on file or of record in my office. It bears the seal of the County of San Diego and signature of the Clerk of the Board of Supervisors, imprinted in purple ink.

Thomas J Pastuszka
Clerk of the Board, San Diego County, California

Date: 5-17-94 By Deputy: S. Morgan

Reso. No. 94-181
5/17/94 (SM)

CHANGE COPY

Proposed amendments to Rule 60 are to read as follows:

RULE 60. CIRCUMVENTION

(a) No person shall build, erect, install or use any article, machine, equipment, contrivance, or process, the use of which either conceals or dilutes an emission which would otherwise constitute a violation of Division 26, Part 4, Chapter 3, of the Health and Safety Code of the State of California or of these Rules and Regulations. Such concealment includes, but is not limited to, the piecemeal carrying out of an operation to avoid coverage by a standard that applies only to operations larger than a specified size, or the use of gaseous diluents to achieve compliance with an opacity standard or with a standard which is based on the concentration of a pollutant in the gases discharged to the atmosphere. This rule shall not apply to cases in which the only violation involved is of Section 41700 of the Health and Safety Code of the State of California, or of Rule 51 of these Rules and Regulations.

(b) Circumvention of New Source Review (NSR) by Ownership Arrangements

For purposes of New Source Review Rules 20.1, 20.2, 20.3, and 20.4 emission units that are not under common ownership or entitlement to use, but which are located or proposed to be located on the same or contiguous property, may be aggregated by the District and designated as a single stationary source, if treatment of such emission units as separate stationary source(s) would prevent application of any requirements of Rules 20.1, 20.2, 20.3, or 20.4 to either stationary source or stationary sources, provided such emission units are substantially related to each other upon a determination by the Air Pollution Control Officer that one or more of the indicators of a potential intent to circumvent the requirements of Rules 20.1, 20.2, 20.3 or 20.4 described in Subsections (b)(1) through (b)(7) of this rule exists.

For purposes of this rule, emission units are substantially related if the operation of an emission unit is typically dependent upon another emission unit (or vice versa), or the output of an emission unit will typically or frequently be used as the input to another emission unit (or vice versa).

For purposes of this rule, a potential intent to circumvent the requirements of Rule 20.1, 20.2, 20.3 or 20.4 exists if any one of the following circumstances exists:

(1) A transfer of ownership of an emission unit substantially related to another emission unit, both of which units were previously under common ownership, occured within the one year period prior to the submission of an application for Authority to Construct or Permit to Operate for any of the following:

(i) To modify either of the emission units previously under common ownership; or

(ii) To add a new emission unit which will be substantially related to either of the emission units previously under common ownership; or

(iii) To modify an emission unit which is substantially related to either of the emission units previously under common ownership; or

(iv) To relocate an emission unit to the stationary source where either of the emission units previously under common ownership is located, if the relocated emission unit will be substantially related to either of the emission units previously under common ownership; or

(2) Arrangements for lease or other payments, or prices for transfers of materials, between the owner or operator of an emission unit and the owner or operator of a substantially related emission unit do not reasonably reflect fair market values; or

(3) The owner or operator of an emission unit will receive payments from the owner or operator of a substantially related emission unit, which payments are related to the operation or product of the emission unit; or

(4) The owner or operator of an emission unit will make payments to the owner or operator of a substantially related emission unit, which payments are related to the operation or product of the substantially related emission unit; or

(5) The owner or operator of an emission unit will share revenues or profits with the owner or operator of a substantially related emission unit, which revenues or profits are related to the operations or product of the emission unit; or

(6) An emission unit functions substantially as a replacement for a similar emission unit or units that were part of a single stationary source on the same or contiguous property; or

(7) An emission unit has been, is being or is likely to be used at different times by the owner or operator of the emission unit and the owner or operator of any other emission unit on the same or contiguous property.

Any two emission units that may be aggregated with a third emission unit under the conditions set out above may be aggregated with each other.

The District may require applicants and other holders of Permits to Operate who may be affected by this rule to provide such documentation or other information as the District deems necessary to effectively apply this rule. The District may add conditions to an Authority to Construct and Permit to Operate to ensure that none of the circumstances set forth above related to the potential intent to circumvent the requirements of Rules 20.1, 20.2, 20.3 or 20.4 will exist in the future.

SOCIOECONOMIC IMPACT ANALYSIS

of

AMENDMENTS TO
RULES 20.1, 20.2, 20.3, 20.4 and 20.7
NEW SOURCE REVIEW

MARCH 1994

San Diego Air Pollution Control District
9150 Chesapeake Drive
San Diego, CA 92123

SOCIOECONOMIC IMPACT ANALYSIS
RULES 20.1, 20.2, 20.3, 20.4 AND 20.7
NEW SOURCE REVIEW

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RULES 20.1, 20.2, 20.3, 20.4 AND 20.7
NEW SOURCE REVIEW

I. EXECUTIVE SUMMARY

The California Clean Air Act requires the San Diego Air Pollution Control District to implement a permitting program resulting in no net increase in emissions from new or modified permitted stationary sources emitting, or having the potential to emit, fifteen tons or more annually of ozone, carbon monoxide and PM_{10}[1] (or precursors). Precursors are pollutants that react to form other pollutants. Application of Best Available Control Technology (BACT) is also required for new or modified emission units with the potential to emit ten pound per day or more. The federal Clean Air Act requires the District to implement a New Source Review program requiring new or modified major sources ($\geq$ 25 tons per year) of ozone precursors (volatile organic compounds and oxides of nitrogen) to use Lowest Achievable Emission Rate (LAER) control technology and provide emission offsets at a ratio of 1.3 to 1.0 to mitigate the air quality impact of the emission increase. The proposed changes to the New Source Review rules incorporate these more stringent requirements of the state and federal Clean Air Acts.

State law[2] also requires the District to prepare a socioeconomic impact assessment (to the extent data are available) whenever the District proposes adopting a rule or regulation significantly affecting air quality or emission limitations. Because the proposed changes to the New Source Review rules will significantly affect emission limitations for affected facilities, the District is subject to the socioeconomic impact assessment requirements of state law.

The District is unable to prepare a quantitative socioeconomic impact asseessmant because the necessary data is unavailable and it is estimated to cost approximately $175,000 to generate it. This cost is in addition to the cost of preparing the socioeconomic impact analysis and would be recovered through permit fee increases. Also, the data would be highly speculative and could not be generated and the analysis completed prior to the deadline (July 15, 1994) for EPA to impose federal sanctions (including a 2.0 to 1.0 emission offset ratio for new or expanding large businesses and withholding of about $75 million in federal transportation funds) against San Diego County for failure to adopt new source review amendments.

Because of concern regarding the time and cost to generate the needed data, the District met with representatives of affected industries to discuss the socioeconomic impact assessment requirement. It was agreed that although the socioeconomic impacts associated with the amendments to the New Source Review rules are likely to be significant, the District would not conduct such a quantitative analysis for the following reasons:

- Socioeconomic impact assessments are required only to the extent data are available to conduct them. A substantial portion of the data necessary to run the socioeconomic impact assessment model is unavailable and would need to be developed before a detailed assessment could be done.
- The proposed amendments are mandated by state and federal law and must be adopted regardless of the resulting projected socioeconomic impacts.
- If the rules are not amended in a timely manner, EPA will impose sanctions on San Diego County.
- The costs associated with generating the necessary data are significant and would be recovered through increased permit fees charged to industry.

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[1] PM_{10} refers to particulate matter with an effective diameter of ten microns or less.

[2] California Health and Safety Code §40728.5.

In lieu of a quantitative socioeconomic impact assessment, the District and industry representatives agreed a qualitative assessment should be prepared discussing how regional economy and employment may be affected. This has been done and shows the cost of providing offsets and applying BACT will increase the cost to affected businesses and government agencies. The cost increase will cause some reduction in employment growth as consumer purchasing power will be diminished, government spending will be redirected, and businesses will relocate or expand elsewhere. Due to lack of data, quantitative estimates of these impacts cannot be made.

Of lesser significance, the New Source Review program may provide growth opportunities for businesses involved in pollution control or alternative technologies, including research and development. There may also be increased demand for consultants specializing in recommending and implementing emissions control measures, and identifying and negotiating the purchase of emission offsets.

Four alternatives to the revised New Source Review program have been identified: not adopt the revised program; adopt a program less stringent than required by state and federal law; adopt a program without Air Quality Impact Analysis requirements; or adopt a program more stringent than required by state and federal law. They have been analyzed and are not recommended because there are significant adverse impacts associated with each for both industry and the District.

CONCLUSION

State law requires the District to conduct a socioeconomic impact assessment of the proposed changes to the New Source Review rules, to the extent data are available. Inadequate data exist to perform an assessment, generating the data would be costly, and the resulting data would be highly speculative. The District and industry agreed that a qualitative analysis should be performed of the impacts on the regional economy and employment. This was done and showed the impacts are likely to be significant. However, the revised New Source Review program is required to satisfy state and federal law, and the state Air Resources Board would adopt a program for San Diego if the District fails to adopt an adequate program. Additionally, EPA will impose federal sanctions suspending highway funding ($75 million) and imposing a 2.0 to 1.0 emission offset ratio that would severely restrict economic growth if the District fails to adopt rules meeting federal requirements. Consequently, the adverse impacts on the regional economy and employment will occur regardless of whether the District adopts the revised New Source Review program, and may be much more severe in the short term if the revised rules are not adopted.

II. INTRODUCTION

The San Diego Air Basin is classified as a Serious nonattainment area for the state ozone standard and is required by the California Clean Air Act to adopt a NSR program requiring no net increase in emissions of nonattainment pollutants or their precursors from new or modified permitted stationary sources emitting, or having the potential to emit, 15 tons or more annually. The California Clean Air Act also requires the application of BACT for new or modified emission units with the potential to emit ten pounds per day or more of nonattainment pollutants or their precursors.

Pursuant to the federal Clean Air Act Amendments of 1990[3], the EPA classified San Diego as a Severe nonattainment area. The federal Act requires San Diego to implement a NSR program requiring new or modified major sources (≥25 tons per year of nonattainment pollutants or precursors) to use LAER control technology and provide emission offsets at a ratio of 1.3 to 1.0 to mitigate the air quality impact of the emission increases from such sources. The NSR program was required to be adopted and submitted to the EPA by November 15, 1992. Because this

[3] PL 101-549, November 15, 1990.

deadline was not met, EPA must impose federal sanctions on July 15, 1994, if amended NSR rules are not adopted by the Air Pollution Control Board and submitted to EPA by the state ARB.

The proposed NSR rules meet the requirements of the California and federal Clean Air Acts.

A. Socioeconomic Impact Assessment Required

State law[4] requires the District to prepare a socioeconomic impact assessment (to the extent data are available) whenever the District proposes to adopt, amend or repeal a rule or regulation significantly affecting air quality or emission limitations. The Board is required to consider these socioeconomic impacts and make good faith efforts to minimize adverse impacts. State law specifies the following six elements be included in a socioeconomic impact assessment:

1. Identification of the types of industries or business, including small business, affected by the rule or regulation;

2. The impact of the rule or regulation on employment and the economy of the region;

3. Examination of the range of probable costs to industry or business, including small business, of the rule or regulation;

4. The availability and cost-effectiveness of alternatives to the rule or regulation being proposed or amended;

5. The emission reduction potential of the rule or regulation; and

6. The necessity of adopting or repealing the rule or regulation to attain state and federal ambient air standards.

To help determine the impact of rules or regulations on employment and the economy of the region, the District contracted with Regional Economic Models, Inc. (REMI) to prepare their EDFS-53 econometric model with San Diego County economic data. REMI has advised the District it is unable to apply the model to analyze the proposed NSR amendments because inadequate data exist for an analysis. The District, after consultation with representatives of facilities affected by the proposed rules, has prepared this qualitative assessment of the socioeconomic impacts of the NSR rules in the absence of data necessary to prepare a quantitative assessment.

B. Industries or Business Affected by New Source Review Amendments

Current NSR rules require new and modified stationary sources with emission increases exceeding specified limits to install technology designed to control the emission of air contaminants, demonstrate that the equipment will not cause or contribute to violations of state or federal ambient air quality standards, provide emission offsets to mitigate emission increases associated with particular equipment and satisfy other regulatory requirements. Currently proposed amendments to the NSR rules are designed to meet state and federal requirements by changing the emission levels at which sources must meet these and other requirements.

Both the current and proposed NSR rules affect a broad spectrum of businesses and government activities because they apply to many new or modified emission units that require permits from the District. This can include manufacturing facilities, chemical plants, mineral industry plants, gasoline marketers, automotive repair facilities, electrical power plants, landfills, sewage treatment plants, drycleaners, and others.

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[4] California Health and Safety Code §40728.5.

Small business stationary sources are defined in a related context[5] as small businesses under the federal Small Business Act (15 U.S.C. Sec. 631, et seq.), employing 100 or fewer individuals, and emitting less than ten tons of any single pollutant annually and less than 20 tons of all pollutants annually. Small businesses will be impacted by BACT requirements only for new or modified emission units with daily emissions of ten pounds or more and the resulting emission increase is subject to NSR. Some small businesses will be affected by the requirements for an AQIA if they propose new or modified emission units that have emissions above the AQIA thresholds.

Best Available Control Technology

Best Available Control Technology (BACT) is the most stringent emission limitation, emission control device or control technique used to control or reduce the emissions for equipment which can emit air contaminants, and which is technologically feasible, demonstrated, and cost-effective. Current BACT requirements apply to all sources with emission increases of criteria pollutants listed in Table 1.

Table 1
BACT Thresholds

Pollutant	Current (lbs/day/source)	Proposed (lbs/day/emission unit)
VOC NOx SOx PM_{10}	100	10
CO	550	10

Table 1 lists the current and revised thresholds for BACT. Facilities with emission increases less than current levels were previously exempt, but will now be subject to BACT requirements if emission increases equal or exceed the proposed levels. Current BACT requirements apply to approximately 150 project applications received by the District per year; that number would increase to an estimated 400 projects per year under the proposed thresholds.

Air Quality Impact Analysis

Facilities with criteria pollutant increases exceeding those listed in Table 2 are required to conduct an AQIA to demonstrate, before an Authority to Construct is issued, that the project will not cause a violation (or additional violations) of any state or federal ambient air quality standard, or prevent or interfere with attainment or maintenance of any state or federal ambient air quality standard. Table 2 also lists the proposed thresholds.

Table 2
Air Quality Impact Analysis Thresholds

	Current			Proposed	
Pollutant	(lbs/hr)	(lbs/day)	(tons/yr)	(lbs/hr)	(lbs/day)
VOC	25	250	40	n/a	n/a
NOx SOx	25	250	40	25	250
PM_{10}	25*	250*	25*	n/a	100
CO	100	550	100	100	550

*Levels are for total particulates. PM_{10} equivalent levels would be approximately one-half.

Current and proposed AQIA requirements are more restrictive than federal law which requires that projects that would emit specified (large) quantities of attainment pollutants conduct an AQIA to ensure that federal Prevention of Significant Deterioration (PSD) standards for attainment areas are met. They also satisfy state law[6] which requires the District to ensure that permitted equipment not prevent or

[5]California Health and Safety Code §42323.
[6]California Health and Safety Code §42301.

interfere with the attainment or maintenance of any applicable air quality standard. However, state law does not specify an AQIA be conducted to meet this requirement. The level of emissions at which an AQIA is required by the proposed rules is discretionary on the part of the District. It is not specified in state law and is specified in federal law only for very large sources. Nevertheless, District rules already require AQIAs, and the District only processes approximately five applications per year for which AQIAs are required. The need for AQIAs is discussed in more detail on pages 12-13.

The AQIA requirements in the proposed rules are somewhat less stringent than those in the current rules. The proposed AQIA requirements are triggered on a unit-by-unit basis whereas the AQIA triggers in the existing rules are based on the cumulative emissions at a stationary source over a five-year period. The hourly and daily AQIA trigger levels in the current rules have been retained for all pollutants except particulate matter. Instead of being triggered on total suspended particulates (TSP) basis as in the current rule, the AQIA requirements in the proposed rules are triggered on a particulate matter 10 microns or less (PM_{10}) basis. In addition, the proposed rules do not contain any of the yearly AQIA triggers that are contained in the current rules.

Major Source

Major sources, for purposes of meeting federal Clean Air Act requirements, are defined as sources exceeding specified emission thresholds for various nonattainment pollutants. Major sources must comply with LAER control technology and offset emission increases with emission reductions elsewhere, either on- or off-site. Major modifications are emission increases at existing major sources exceeding specified thresholds for various nonattainment pollutants over the previous five years, and also require LAER and offsets.

Table 3
Major Sources and Major Modifications

Pollutant	Major Source		Major Modification	
	Current (tons/yr)	Revised (tons/yr)	Current (tons/yr)	Revised (tons/yr)
VOC NOx	40	25	40	25
SOx*	40	100	40	40
PM_{10}*	40	100	25	15
CO	100	100	100	100

*Currently a federal attainment pollutant. Major source requirements for LAER and a 1.0 to 1.0 emission offset ratio would apply only if attainment status changes.

The proposed amendments to the NSR rules revise the thresholds at which LAER and offsets are required for major sources of nonattainment pollutants or their precursors to satisfy federal requirements. LAER and offsets are not required for federal attainment pollutants (SO_2 and PM_{10}). The proposed amendments revise the thresholds for these pollutants to satisfy requirements of federal law. LAER and offsets would only be required for these sources should San Diego's attainment status change for either of these pollutants. The current requirements and proposed amendments are shown in Table 3.

Major sources with emissions or emission increases of VOC's or NOx less than current levels specified in Table 3 were previously exempt, but will now be required to comply with LAER and provide offsets for emission increases that equal or exceed the proposed levels. Requirements for CO are not affected. San Diego's state nonattainment designation for PM_{10} does not affect federal major source LAER and offset requirements.

Emission Offset Ratios

Table 4
Proposed Emission Offset Ratios

Pollutant	Potential to Emit	Offset Ratio
VOC	≥15 tons/yr and <25 tons/yr	1.0 to 1.0
NOx	≥25 tons/yr	1.3 to 1.0
SOx PM_{10} CO	≥15 tons/yr	1.0 to 1.0

New and expanding facilities with emission increases that currently require offsets must provide these offsetting reductions at a ratio of 1.2 to 1.0, meaning that for every ton of emission increase, 1.2 tons of emission reductions must be achieved. The proposed amendments would increase the offset ratio to 1.3 to 1.0 for major sources of nonattainment pollutants to meet federal law, and establish an offset ratio for federal attainment/state nonattainment pollutants to meet the requirements of state law, as shown in Table 4. The emission offset requirement for CO may be waived if an Air Quality Impact Analysis demonstrates that a new or modified emission unit will not cause or contribute to a violation, or interfere with the attainment or maintenance of an ambient air quality standard for CO. There are now approximately 150 facilities in the District for which some emission increases would require emission offsets.

Noncriteria Pollutants

The current NSR rules require BACT and AQIA for specified increases in asbestos, beryllium, mercury, vinyl chloride, fluorides, sulfuric acid mist, hydrogen sulfide (H_2S), total reduced sulfur including H_2S, and reduced sulfur compounds including H_2S. Under the proposed rules, all facilities are exempted from these requirements except large sources in 28 categories with annual emissions of any one criteria pollutant over 100 tons specified in the federal Clean Air Act, and all other sources with annual emissions of any one criteria pollutant over 250 tons.

III. EMISSION IMPACTS

State law requires that the District's NSR program be amended to result in no net increase in emissions from permitted stationary sources with annual emissions of 15 or more tons of nonattainment pollutants or their precursors. BACT must be used for emission increases from emission units with the potential to emit more than ten pounds daily regardless of facility emissions.

Federal NSR mandates are more general than the state mandates. Permitted stationary sources with annual emissions of 25 tons or more of nonattainment pollutants or their precursors must comply with LAER control technology and offset remaining emission increases at a 1.3 to 1.0 ratio. Emission growth at sources less than 25 tons per year is not addressed by federal requirements.

Emission impacts of the NSR program are dependent on the number and size of future new sources subject to the various requirements, the size and nature of future modifications made at existing sites, and the degree to which BACT will apply to new equipment. Because data are not available to predict these impacts, it is not possible to quantify emission impacts.

Qualitatively, it is not anticipated that the NSR program will provide net reductions from baseline inventories because the program affects only new or modified sources or equipment. Instead, its impact will be to offset growth related emission increases at affected facilities. Emission growth at sources less than 15 tons annually is mitigated only by the BACT requirements.

IV. COSTS AND IMPACTS ON REGIONAL ECONOMY AND EMPLOYMENT

Three cost impacts will be associated with the revised NSR program. First, some facilities not previously required to use BACT will now be required to satisfy this requirement. Second, some facilities not previously requiring offsets for emission increases above current permitted levels will be required to provide offsets. Third, the increased demand for offsets may cause an increase in the cost of offsets, affecting facilities that currently would be required to provide offsets for emission increases above current permitted levels. One potential impact from the increased demand or cost for offsets is the possibility that some new facilities or some expansion of existing facilities will not occur because sufficient emission offsets are not available or the cost of available offsets is prohibitive.

Evaluating these cost impacts on regional economy and employment poses problems not encountered with traditional air quality rules and regulations. Industry is constantly searching for cost-effective ways to increase efficiency, including improvements that also reduce air pollution. The rate of technological change providing these improvements and the related cost is difficult to predict, and may vary significantly by industry. The demand for emission offsets may also be diminished significantly by technological improvements. Consequently, using current technologies to estimate future offset supply, demand and cost becomes highly speculative, regardless of the quality of the data.

A. Review of Contractor-Proposed Quantitative Analysis

Included in the contract with REMI was preparation of an emission offset pricing model for determining offset related cost impacts, and evaluation of the revised NSR program on regional economy and employment. The emission offset pricing model considers the demand for emission offsets, offset availability, and the cost of emission controls to generate offsets to project the costs to various sectors of the economy for offsets. The output from this model becomes input for the EDFS-53 model to determine impacts on regional economy and employment. The following data are necessary for an emission offset pricing model to operate:

Supply

1. The amount of offsets available for a baseline year and each subsequent year of concern for each of the model's 53 economic sectors.

2. The cost of creating those offsets in the baseline year and each subsequent year of concern for each of the model's 53 economic sectors.

Demand

1. The offsets necessary to provide projected economic growth. This must be expressed in tons of offsets required for every million dollars of increased output for the baseline year and each subsequent year of concern for each of the model's 53 economic sectors.

The data required by REMI for its analysis of the proposed NSR program revisions do not exist. One means of creating the required data would be a consultant contract. The cost of a consultant contract to generate San Diego-based data is estimated at $175,000. Passing this cost on to the local permit holders would result in an emission fee increase of about 6.5% to provide an analysis of questionable benefit due to its highly speculative nature. Also, the delay in amending the District's NSR program to generate the required data would extend beyond July 15, 1994, resulting in federal sanctions.

The second means to generate data required by REMI for an emission offset pricing model for San Diego would be to scale the work done by the South Coast Air Quality Management District (SCAQMD) to evaluate their recently-adopted Regional Clean Air Incentives Market (RECLAIM) program. Because the only experience to date with modeling emission offset pricing has been by the SCAQMD, REMI anticipated scaling the work done by the SCAQMD to San Diego based on economic activity within Standard Industrial Classification (SIC) codes for each of the model's 53 sectors.

Closer review of the methodology proposed by REMI finds its use and related assumptions will cause unacceptable levels of uncertainty for two fundamental reasons. First, the SCAQMD methodology was tailored to analysis of SCAQMD's NSR program and applies assumptions which are not appropriate for application to San Diego's NSR program. Second, scaling results from the SCAQMD to San Diego's economy based on economic activity within sectors will not produce acceptable results. These problems are further discussed below.

Also to be noted is that SCAQMD data are only for VOC and NOx. The amendments to San Diego's NSR program would also require emission offset pricing evaluations for SOx and PM_{10}. Additional analysis for evaluation of costs and effects on regional economy and employment of the proposed revisions to the NSR program would also be required for the increased cost associated with applying BACT to emission units over ten pounds per day at sources with emissions under 100 pounds per day. These emission units and sources are not currently subject to BACT but will be under proposed amendments. To complete such an analysis, BACT applicability and cost would have to be determined for each of the model's 53 economic sectors. There are no data available for determining BACT cost impacts.

1. SCAQMD Methodology

There are two principal concerns with the use of the SCAQMD methodology assumptions. First, the methodology assumes certain future emission reductions will be available for use as offsets. The SCAQMD has provided what the assumed VOC and NOx emission reductions for each control category would be and the cost for those reductions; however, this is based on the industrial mix in the South Coast Air Basin, and there is no means to adjust the applicability to San Diego's industrial base. There are also no data for SOx and PM_{10}.

Second, the cost of the emission reductions serving as offsets is a function of the assumed BACT costs for each segment of industry. While SCAQMD did provide costs for the associated emission reductions, the costs are tied to how much each control technology goes beyond BACT levels of control. This assumption is based on BACT costs in SCAQMD, and not BACT cost levels in San Diego.

2. Scaling SCAQMD Data to San Diego

Scaling emission reduction and offset data from the SCAQMD based on economic activity to reflect that for San Diego, as proposed by REMI, poses a variety of uncertainties. First, baseline and projected future year SCAQMD emissions would be scaled to San Diego based on economic activity within industrial sectors because the future demand for offsets is projected based on emissions per million dollars of economic output. The SCAQMD emission inventory would be used for this process because the San Diego inventory does not include SIC codes for all firms, and those SIC codes that have been assigned have not been quality assured. This is of concern because the economies and industries of the two regions vary significantly. The methodology would likely result in emission estimates for San Diego that are significantly different from actual emissions.

Second, the SCAQMD inventory was adjusted for BACT to reflect the current level of required control for all sources. In San Diego, Reasonably Available Control Technology (RACT) and Best Available Retrofit Control Technology (BARCT) are currently required for most sources, rendering the SCAQMD data unusable for San Diego without adjustment. The projected SCAQMD inventory would have to be modified to reflect San Diego's current RACT, BARCT and BACT requirements for existing sources and proposed BACT requirements for new and modified sources. Also related to this issue are the cost-effectiveness assumptions for BACT. Because the general cost of controls is higher in the SCAQMD, BACT is more expensive than in San Diego. Any adjustment of SCAQMD data to represent San Diego would also require evaluation of and adjustment for this difference.

Third, the SCAQMD analysis assumed all emission increases need offsets, reflecting SCAQMD's current NSR program. Offsets are currently required in San Diego only for sources emitting 40 or more tons annually of NOx, VOC or SOx, and 25 tons or more of PM_{10}. This will change to require offsets from sources with a potential to emit 15 tons or more annually. The demand for offsets generated by the South Coast data do not reflect San Diego's program and would have to be adjusted to reflect San Diego's existing and proposed offset requirements.

The offset demand generated by the SCAQMD data must also be adjusted to address increased production within currently unused permitted capacity. Permitted facilities generally do not operate at 100% of permitted capacity. However, when faced with the prospect of adding equipment that may require offsets or increasing the use of existing equipment, facility operators may elect to increase their use factors for existing permitted equipment. As a result, the SCAQMD assumption that all emission increases must be offset would have to be adjusted further to account for this emission growth.

3. Conclusion

Data used by the SCAQMD for its evaluations should not be scaled to San Diego's economy because its methodology was intended to evaluate a different program. This option is hampered by extensive modifications and assumptions needed to adjust the data to San Diego, and by significant differences between the NSR programs in the two districts, an important distinction being the different cost-effectiveness assumptions regarding what defines BACT.

Adjusting SCAQMD offset availability information for San Diego will underestimate local offset availability, and use of SCAQMD BACT costs for San Diego will overestimate local offset costs. These factors will show an overinflation of the cost of offsets in San Diego. An error that substantially inflates the projected offset cost may cause firms to relocate planned future expansion outside San Diego or forgo consideration of San Diego as a business location.

Given the above, the impact of the proposed NSR rules on regional economy and employment cannot be quantitatively assessed because of a lack of data.

Because of concern over the data needed, the District met with representatives of affected industries to discuss the socioeconomic impact assessment requirement. The consensus reached with industry was that although the socioeconomic impacts associated with the amendments to the NSR rules are likely to be significant, the District should not attempt to quantitatively assess the impact on regional economy and employment. In lieu of a quantitative assessment, the District prepared a qualitative assessment discussing how regional economy and employment may be affected.

B. Qualitative Analysis of Impacts

While a quantitative analysis is not feasible due to a lack of necessary data for the REMI EDFS-53 model, a qualitative discussion is useful to outline potential impacts from the revised NSR program. Two aspects of the revised program will influence regional economy and employment. First, more sources will be required to use BACT, increasing the cost to government and private business. Second, more sources will be required to obtain offsets before increasing emissions, which will increase the cost of offsets to government and private business. These increased costs will have varying impacts.

State and local governments are constrained by state law regarding their ability to raise taxes and increase spending. Consequently, the cost of providing additional public services resulting in emission increases to accommodate growth will increase because of the cost of purchasing or creating offsets. To meet the increased costs within the framework of existing tax and spending restrictions, it may be necessary to reduce state and local government spending in other areas, which may reduce employment growth in those areas affected by decreased public spending. Similarly, increased spending to procure offsets may increase employment in pollution control or prevention related economic sectors.

Local expenditures by federal agencies are less predictable because of competing interests within the federal government. To the extent local federal facilities may divert existing funding from other parts of the country or procure additional funding to meet higher costs, San Diego will experience an increase in local federal spending, providing a positive impact on regional economy and employment. If budgetary constraints require diversion of local federal allocations to satisfy NSR requirements, the impact may be similar to that for state and local governments.

The impact on the private sector is dependent on the nature of the business affected. Businesses are divided into two basic groups. "Regional" industries typically provide goods and services to local markets, and compete with one another for local market shares. An example is automobile repair. Consumers will not typically drive out of county to have their car tuned, so auto repair facilities compete for a share of that local market. Increases in business costs to regional industries are typically passed on to consumers as higher prices. These higher prices reduce consumer purchasing power which may deter some people from moving to San Diego, thus reducing population growth. Because consumer purchasing power is reduced, employment growth in regional industries is also reduced.

The second basic business group is "national" industries, which typically compete for market shares against firms located in other parts of the state or nation, or around the globe. Increases in business costs cannot typically be passed on to consumers as with regional industries without sacrificing market share. Consequently, national industries will reduce profitability rather than increase prices. The reduction in profitability will cause affected industries to increase efficiency to try to reestablish lost profitability. Increases in efficiency are frequently achieved by investing in capital equipment that reduces labor demand, reducing employment growth.

Because the cost of installing BACT or obtaining offsets will result in an increase in the cost of doing business in San Diego, the revised NSR program has the potential to cause some businesses to leave San Diego or expand elsewhere, and others not to locate in San Diego. Businesses with small profit margins may find it more profitable to relocate to areas where the cost of doing business, including air quality compliance costs, is lower. If the cost of offsets becomes high enough, these businesses may find it profitable to shut down, sell their emission rights and relocate. Because other major urban areas of California must also implement similar NSR programs, they will not likely be the alternative destination for industries relocating out of San Diego.

While the overall impact of the revised NSR program will likely be to reduce employment growth, it has the potential to create some level of employment growth in economic sectors associated with air pollution control equipment and technologies. The increase in the demand for offsets may also spur research in development of control alternatives and marketing in San Diego. This could provide a startup market for environmentally oriented technologies and products, which San Diego could then export.

V. ALTERNATIVES

There are four alternatives to adopting the proposed revisions to the NSR program. Two alternatives are for the District to not adopt the proposed revisions or adopt a program less stringent than state and federal mandates. If either of these alternatives is chosen, two results are possible. First, the state Air Resources Board (ARB) would likely adopt a program satisfying state and federal NSR requirements. This would result in a revised program regardless, administered by ARB. Second, because ARB would likely be unable to adopt a program satisfying federal requirements prior to July 15, 1994, the federal EPA would be obligated to implement sanctions, resulting in suspension of transportation funding ($75 million annually) and a 2.0 to 1.0 emission offset ratio for large new or expanding businesses. In addition, the federal EPA could subsequently adopt a revised NSR program satisfying federal requirements, resulting in a revised program regardless, administered by the federal government. Consequently, neither of these alternatives are recommended.

The third alternative is to adopt a revised NSR program that eliminates Air Quality Impact Analysis (AQIA) requirements. The AQIA requirements in the current and proposed programs both exceed specific state and federal requirements, but are designed to fulfill the state mandate for the permit program to ensure that permitted equipment not prevent or interfere with the attainment or maintenance of any applicable air quality standard. However, state law does not specify an AQIA be conducted to meet this requirement. The level of emissions at which an AQIA is required by the proposed rules is discretionary on the part of the District. It is not specified in state law and is specified in federal law only for very large sources.

This alternative is not recommended for two reasons. First, the District strongly believes that large projects with emissions increases that exceed the amounts at which an AQIA is required need to conduct an AQIA to ensure that the public health in the impact zone of the project is adequately protected from pollutant concentration levels that exceed state or national ambient air quality standards. Second, the District believes it is very important to ensure that projects will not cause the San Diego air basin to violate an ambient air quality standard or cause additional violations if a standard is already exceeded. The District has considerable experience in evaluating the air quality impacts of various projects and has found that in some cases the emissions of a single project alone can cause a violation of an air quality standard for which the District is currently in attainment or additional violations of a standard for which the District is in nonattainment.

The consequences of allowing the District to slip from attainment to nonattainment (or further into nonattainment by allowing additional exceedances of the standard) are significant for all emission sources (stationary and motor vehicle) in San Diego County. These consequences would be mandated by state or federal law. They include additional control equipment and emission offset requirements for new and modified sources, additional control requirements for existing sources, and possible additional transportation control measure requirements. The District believes the cost of meeting these additional nonattainment area requirements far outweighs the cost to businesses and industries to conduct the required AQIA. AQIAs are already required by District rules; the proposed rules would not change the requirements for preparing AQIAs, and the District has processed only approximately five AQIAs per year. The cost for preparing an AQIA ranges from $1500 for a simple assessment to $10,000 for a complex one. The cost of meeting additional

nonattainment area requirements will also outweigh the negative economic effects associated with the denial of an Authority to Construct for a new or modified business because it failed to meet the AQIA requirements. It should be noted that the District has never denied an Authority to Construct for a source because it could not meet the AQIA requirements. The District has worked closely with project proponents to resolve AQIA problems in the past.

The fourth alternative is to adopt a revised NSR program more stringent than the proposed program. This alternative would further increase the demand for offsets, further increasing the cost to business or government of expansion or relocation to San Diego. It would also increase costs to comply with BACT requirements when very small emission increases require BACT. Consequently, this alternative is not recommended.

The emission reductions, costs, and cost-effectiveness of these alternatives cannot be determined quantitatively for the same reason a quantitative analysis of the proposed program cannot be performed. Qualitatively, allowing state or federal oversight agencies to adopt a program in the absence of local adoption would result in similar emission impacts. Costs would be expected to be higher because of the reduced responsiveness of state and/or federal permitting agencies to permit applicants and the attendant delays in procuring approvals for projects which increase emissions. Implementing a more stringent program would provide additional emission benefits, but likely at a disproportionately higher cost because controlling smaller emission sources has typically been shown to be less cost-effective .

VI. CONCLUSION

State law requires a socioeconomic impact assessment be performed for proposed changes to District rules to the extent data are available. Inadequate data exist to perform a quantitative socioeconomic impact assessment, generating the data would be costly, and the resulting data would be highly speculative. The District and industry agreed that a qualitative analysis should be performed, and a qualitative analysis of the impacts the proposed NSR rules could have on the regional economy and employment was performed. The impacts are likely to be significant; however, the revised NSR program is required to satisfy state and federal law, and state or federal oversight agencies would adopt a program for San Diego should the District fail to adopt an adequate program. Additionally, EPA will impose federal sanctions suspending highway funding ($75 million annually) and imposing a 2.0 to 1.0 emission offset ratio that would severely restrict economic growth if the District fails to adopt rules meeting federal requirements. Consequently, the adverse impacts on the regional economy and employment will result regardless of whether the District adopts the revised NSR program, and may be much more severe should the revised rules not be adopted.

PAD:TD:jo
3/15/94

NEW SOURCE REVIEW (NSR)
RULES 20.1, 20.2, 20.3 AND 20.4

WORKSHOP REPORT

A workshop notice was mailed to each company holding a District permit. Notices were also mailed to the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (ARB) and other interested parties.

Two workshops were held on November 10, 1992 and were attended by 93 people. Written comments were also received. The following are all comments received and District responses:

1. WORKSHOP COMMENT

Rule 20.1(a) Applicability, does not mention portable or replacement units.

DISTRICT RESPONSE

The New Source Review (NSR) rules apply to portable emission units. Section (a) has been revised to reflect this. A new Rule 20.4 has been proposed to establish NSR requirements for portable equipment.

2. WORKSHOP COMMENT

Does the 10 ton per year threshold refer to the aggregate emissions at a facility or to the emissions from specific equipment (an emission unit)?

DISTRICT RESPONSE

The 10 ton per year threshold, which determines whether or not emission offsets are required for emission increases at a site, refers to the total, aggregate emissions from all equipment at a site. The potential to emit of all individual pieces of equipment at the site are added to determine if the site's potential to emit is over 10 tons per year.

3. WORKSHOP COMMENT

Is the 10 ton per year threshold determined based on an individual pollutant, or are pollutants added together to determine if a source is over 10 tons per year?

DISTRICT RESPONSE

The 10 ton per year threshold is determined for each individual air contaminant. If emissions of any single air contaminant is greater than 10 tons per year, then any emission increase of that pollutant at the site would have to be offset.

4. WORKSHOP COMMENT

How will the socioeconomic impact analysis required by state law affect public services?

DISTRICT RESPONSE

The socioeconomic impact analysis is yet to be completed. The socioeconomic impact analysis for the NSR rules will be made available for public review and comment. However, specific facilities will not be identified by the analysis, due to model limitations. Therefore, the impacts on specific essential public service projects will not likely be known in detail.

5. WORKSHOP COMMENT

Does the District have an emission offset program and what quantities of banked emissions are in the bank ?

DISTRICT RESPONSE

The District has an emission reduction credit and banking program, as provided for in the District Rule 26 series. The amount of banked offsets is not very large. The banking registry may be reviewed at the District offices.

6. WORKSHOP COMMENT

Why are reductions in methane and carbon dioxide emissions not eligible to be banked as credit?

DISTRICT RESPONSE

Methane is not considered a precursor to the formation of ozone and therefore is not creditable since it is not a criteria pollutant. Carbon dioxide, likewise, is not a criteria air contaminant and is not a precursor to any criteria air contaminant. Therefore, neither reductions in methane nor carbon dioxide are creditable. Conversely, NSR requirements do not apply to emission increases in methane or carbon dioxide.

7. WORKSHOP COMMENT

District rules require certain sources to install control equipment to control emissions from landfills. The incineration of landfill gas results in an increase in ozone precursor emissions (NOx). NSR then requires emission offsets for these emission increases. The proposed NSR rule should not apply to emission controls required for landfill gases.

DISTRICT RESPONSE

Please refer to the District responses to written comments Nos. 67 and 80.

8. WORKSHOP COMMENT

Is it possible to exempt military portable equipment? The military uses various tactical equipment, including internal combustion engines and jet aircraft startup units, which are deployable. Some of them require routine maintenance and are routinely operated. In addition, there is a significant amount of training equipment which the military uses. Training equipment should also be exempted.

DISTRICT RESPONSE

The District requested at the workshop that a list of such equipment and associated information be provided for review. To date such a list has not been received. Therefore, no exemption has been given to such equipment.

9. WORKSHOP COMMENT

Rule 20.1(b)(1): The internal combustion engine exemption provisions of Rule 11 have changed. Permits are now required for small horsepower engines. Will those engines have to comply with NSR provisions?

DISTRICT RESPONSE

Rule 20.1 specifically exempts from NSR requirements existing equipment which is required to obtain a permit due solely to a Rule 11 change. When such existing equipment is permitted, it is not subject to NSR. The equipment is, however, subject to NSR if it is subsequently modified and emissions increase. In addition, new equipment is subject to NSR review.

10. WORKSHOP COMMENT

Rule 20.1(b)(1) contains language regarding a one-year period. Please explain this language.

DISTRICT RESPONSE

The provision stipulates that if Rule 11 is changed and a permit application is made for existing equipment which is now subject to permit requirements within one-year after it is required to do so (i.e. from the effective date of the Rule 11 change), then the equipment would not be subject to the NSR rules when the permit is issued. The one year limit is intended to specify the amount of time that

equipment can claim to be existing and, thus, exempt from NSR provisions because it was previously exempt from having to obtain a permit. This is intended to address a problem the District has had when a facility claims that existing equipment was exempt at one time by Rule 11, even though the exemption was eliminated several years before. It has been very difficult to determine when the equipment was first installed and whether or not the NSR rules should be applied.

11. WORKSHOP COMMENT

Does the NSR rule apply to identical replacements as contained in Rule 11 ?

DISTRICT RESPONSE

The applicability provisions of Rule 20.1(a) specifically state that the rule applies except as provided for in Rule 11. Thus, if a replacement satisfies the requirements of Rule 11 and is therefore permit exempt, no new or modified permit is required and the equipment is not subject to NSR.

12. WORKSHOP COMMENT

Rule 20.1(b)(2): Are there any guidelines regarding how one determines if an increase in the potential to emit will occur? Is it the source's responsibility to determine if an increase in the potential to emit would or has occurred?

DISTRICT RESPONSE

Since the proposed calculation method is a new one, no written procedures have yet been developed for determining whether an increase in the potential to emit has or will occur. The best procedure to use until such guidance is developed is to follow the calculation methodology contained in the rule. The District intends to develop guidelines/procedures for determining whether there has been a change in the potential to emit at a source.

It is the source's responsibility to ensure it is in compliance with all District rules and regulations. The District will provide any requested assistance and is available for consultation and answering questions.

13. WORKSHOP COMMENT

Can the language "repair or routine maintenance" of Rule 20.1(b)(2)(i) be defined?

DISTRICT RESPONSE

Repair and routine maintenance is intended to mean routine maintenance of equipment such as changes of a torn or worn filter bag in a baghouse or cleaning of cyclone scrubbers. Repairs include such things as internal combustion (I.C.) engine overhauls and tune-ups which do not affect the operational and emission parameters of the equipment. This language is contained in the existing NSR rules and has not been a significant point of contention in the past. Given this experience and the desire to maintain flexibility in interpreting the provisions, the District believes it is not necessary to provide a definition of this term.

14. WORKSHOP COMMENT

Why not expand the exemptions to allow for relocated equipment within San Diego? What is the justification for requiring Air Quality Impact Analysis (AQIA) and Best Available Control Technology (BACT) for relocated equipment?

DISTRICT RESPONSE

Relocated equipment is not being exempted from the NSR provisions because the California Clean Air Act (CAA) requires a no-net-increase in permitted emissions from all modified stationary sources. However, the District does recognize that relocated equipment should be reviewed differently in determining if an emission increase has occurred. The proposed rules take this into account by providing somewhat different methods for determining emission increases for relocated equipment.

Federal and state law requires the District to ensure that any new or modified stationary source not cause or contribute to a violation of any ambient air quality standard, nor interfere with the attainment or maintenance of those standards. When an emission unit is relocated to another stationary source, the local air quality impacts of the relocated unit must be reviewed. The intent of the review is to determine if there are any ambient air quality impacts at the new location. Background air quality may not be the same as at the equipment's previous location.

Further, the California CAA requires that modified emission units with a potential to emit 10 pounds per day or more of any single air contaminant be equipped and operated with BACT for each such pollutant. When a unit is relocated, it becomes a modified emission unit and therefore must comply with the BACT requirements of the Act.

15. WORKSHOP COMMENT

Rule 20.1(b)(3) exempts portable and stationary abrasive blasting equipment from NSR requirements. Does this mean that the sum of emissions from all abrasive blast units at a stationary source must be less than the major source threshold, or is it a unit-by-unit determination?

DISTRICT RESPONSE

This provision applies on a unit-by-unit basis. As long as a specific emission unit would not be a major stationary source by itself, it is exempt from NSR requirements. The provision does not exempt emissions for any associated equipment such as those from engines which drive the blast equipment. If the engines are not exempt by Rule 11, then a permit is required for the engine and NSR would apply.

16. WORKSHOP COMMENT

The language in Rule 20.1(b)(2) is confusing. Specifically the wording 'such changes' should be deleted.

DISTRICT RESPONSE

The District agrees and has modified the language.

17. WORKSHOP COMMENT

A definition of what is technologically feasible should be added to the rule.

DISTRICT RESPONSE

The term "technologically feasible" is contained in the existing NSR rules, however, it is not defined. The District is unaware of any significant problems in the past. Moreover, by strictly defining the term, the District may be limiting the use of future control technologies and process modifications. If the language causes a problem in the future, the District will define the term and propose appropriate amendments to the rule.

18. WORKSHOP COMMENT

We recommend that the District develop a manual which contains guidance on determining technological feasibility, making BACT determinations, etc. This manual would be similar to the South Coast BACT manual and made available to the public.

DISTRICT RESPONSE

The District will be developing specific guidance to be used by engineering staff in making BACT determinations. This will likely be done in cooperation with local industry. The District envisions this will include standard BACT for routine types of equipment and traditional 'top-down' BACT analysis for non-routine equipment. This information will be updated periodically and made available to sources and the public to assist in planning projects and submitting permit applications.

19. WORKSHOP COMMENT

It is not clear in Rule 20.1(c)(13) that it refers to the maximum cost-effectiveness of those rules adopted by the Board, or to the highest cost-effectiveness of any control used to meet the NSR rules.

DISTRICT RESPONSE

The language has been clarified. The intent is to base the cost-effectiveness on the cost of controls contained in emission control rules adopted by the Board, not the cost of controls previously installed to meet NSR.

20. WORKSHOP COMMENT

Does the proposed NSR rule address the EPA's and federal Clean Air Act's Maximum Available Control Technology (MACT) standards and requirements?

DISTRICT RESPONSE

No. The proposed NSR rules are intended to address only the Prevention of Significant Deterioration (PSD) and NSR provisions of the federal and state Clean Air Act's. They do not address MACT requirements. Those will be addressed through either the adoption of additional toxic air contaminant control rules and/or a future air toxics rule for new and modified sources.

21. WORKSHOP COMMENT

In the BACT definition [Rule 20.1(c)(9)], the language "transfers of technology" is included. The concern is that the District may try to impose control requirements which may not have been proven or even tried.

DISTRICT RESPONSE

The District is sensitive to this issue. When making technology transfers, a balance must be struck between how easily a technology can be transferred from one process to another and the need to ensure that equipment is controlled in the most effective and reliable manner. In some cases, the transfer of technology may be an easy one. In other cases, the transfer may not be obvious. As previously indicated, the District intends to develop guidance on BACT determinations and make it available to industry.

22. WORKSHOP COMMENT

The definition of "Emergency Equipment" [Rule 20.1(c)(14)] limits the equipment eligible to be defined as such to electrical generating equipment used during power failures and for extinguishing fires in emergencies. Many times a facility has emergency internal combustion engines which can provide direct shaft power to drive equipment. In addition, the Federal Aviation Administration requires that emergency generators be operated during thunderstorms even if there is no power failure. Furthermore, including the language limiting the operation of the generator to periods of power failure from the serving utility does not address the case when a power transformer at a site has failed. Emergency generators are also used when there are natural gas curtailments.

DISTRICT RESPONSE

In the proposed rule, emissions from emergency equipment are of significance in determining a source's aggregate potential to emit and in determining what requirements apply to the unit. Emissions from emergency equipment during emergency operations are not counted towards a stationary source's aggregate emissions. Emissions from operations for other than emergency situations (i.e. maintenance) are to be included in the stationary source's aggregate emissions. All other provisions of the rule, BACT, AQIA, Offsets, etc. apply to the equipment for that portion of the emissions which are not emergency operations (i.e. emissions as a result of maintenance operations).

In the proposed definition of "emergency equipment", the District has included the current NSR language exempting electrical generating equipment used for power outages. In addition, an exemption has been added for I.C. engines which drive water pumps used for fires and engines operated

due to Federal Aviation Administration requirements at airports. At the workshop, the District requested a list of equipment and associated information which should be considered for inclusion in the definition of "emergency equipment". To date, such a list has not been received. Therefore, no additional exemptions have provided for emergency equipment.

23. WORKSHOP COMMENT

Can the District provide some examples and the methodology behind the definition of portable and transportable?

DISTRICT RESPONSE

Please see responses to written comments Nos. 93 through 114. The portable equipment provisions have been changed and proposed new Rule 20.4 specifically addresses that equipment.

24. WORKSHOP COMMENT

The recent Rule 11 changes lowering the I.C. engine horsepower exemption from 250 hp to 50 hp will bring in a significant number of portable I.C. engines (air compressors, generators, etc.) into the permitting system. Specifically, the construction industry has many small, portable engines which may be located at a job site for perhaps years. Does the rule deal with this equipment? The portable equipment provisions in the proposal do not appear to be adequate to address this category.

DISTRICT RESPONSE

The provisions for portable equipment have been changed. Proposed new Rule 20.4 addresses this issue.

25. WORKSHOP COMMENT

With regards to the portable and transportable equipment and the limitation on the number of days it can operate, we recommend that the limitation on number of days be changed to number of hours instead of days. For I.C. engines, for example, it is easier to maintain records on a limitation on hours.

DISTRICT RESPONSE

The District has proposed to change the way portable equipment is treated. Proposed Rule 20.4 contains these changes and addresses this concern by eliminating the limitation on hours and days of operation.

26. WORKSHOP COMMENT

The exemption for Essential Public Services does not include many other sources such as hospitals, schools, fire fighting, prisons, etc.? The South Coast AQMD has such an exemption in its regulations.

DISTRICT RESPONSE

Because the California CAA provisions do not differentiate nor define essential public services, they too are subject to the provisions for no-net-increase in permitted emissions. The District has identified only a few of the sources which could reasonably be considered "essential public services". If more essential public services sources are included in the definition and they were to use the offset waiver provisions, other industrial sources would likely have to provide additional offsets to ensure an overall regional no-net-increase in emissions.

27. WORKSHOP COMMENT

The proposed rule limits the number of special events that may occur at any single stationary source to one per year. Certain sites have more than one special event at their stationary source throughout the year. For example the Del Mar fairgrounds, the stadium, some of the Naval bases have multiple special events in a year, circuses, concerts, etc.

DISTRICT RESPONSE

The provisions for portable equipment have been changed. The special event provisions from the first proposal have now been deleted. The limitation of one event per year has been deleted.

28. WORKSHOP COMMENT

Could emissions from portable and transportable equipment be excluded from the aggregate stationary source emissions ?

DISTRICT RESPONSE

Under proposed Rule 20.4, portable equipment is being excluded from the stationary source's aggregate emissions.

29. WORKSHOP COMMENT

The stationary source definition has been changed to include related emission units whether or not they are owned and operated by the same person. What is this change intended to address?

DISTRICT RESPONSE

The proposed change is intended to address an existing situation in which a stationary source rents or leases land or space to another individual and creates a separate stationary source. For example, sources have contracted to install cogeneration facilities at their site. Under the current definition, because the land underneath the cogeneration facility is leased and the equipment is under the control of another person, that equipment would be considered a separate stationary source despite the fact that the cogeneration equipment provides steam, heat and/or electricity to the stationary source and is therefore related. This situation is not desirable from an air quality standpoint because the area could become a local hot spot and cause or contribute to violations of the Ambient Air Quality Standards (AAQS). In addition, it provides a mechanism by which state and federal laws that rely on aggregate emissions can be circumvented.

30. WORKSHOP COMMENT

What does the language 'under one permit' in Rule 20.1(c)(16) refer to? Is it one piece of equipment, or is it a process line?

DISTRICT RESPONSE

The language "under one permit" has been deleted from the definition of "emission unit". The langauge has been clarified by deleting references to related emission units and adding process and process lines to the definition.

31. WORKSHOP COMMENT

The definition of Rule 20.1(c)(21) should differentiate between process fugitive emissions and area fugitive emissions. For the mineral industry, process fugitive emissions can be established and offset. Area fugitive emissions are more difficult to model and because they are usually the larger of the two, it is more difficult to show that they do not cause a violation of the AAQS. They are also more difficult to offset.

DISTRICT RESPONSE

The determination of impacts on an AAQS does not exclude background, natural occurring or area emissions. Therefore, both area and process fugitive emissions need to be considered when determining impacts on the environment. However, the District is aware that the state particulate matter AAQS is exceeded almost everywhere in the air basin. Because of this, the District has included provisions which would allow particulate matter sources to avoid having to demonstrate project impacts on the state AAQS, if additional offsets are provided and if the emission unit impacts are less than 5 $\mu g/m^3$. The District believes that this is a reasonable compromise which provides for the protection of air quality and

the need for industrial growth. However, because area fugitive and process fugitive emissions can be significant, the District intends to continue to regulate both under NSR (and PSD where applicable).

32. WORKSHOP COMMENT

How will the provisions of Rule 20.1(c)(51) "related emissions units" affect existing stationary sources, specifically military sources?

DISTRICT RESPONSE

Existing military bases are currently considered to be single stationary sources with the exception of specific non-related activities (e.g., commissary gasoline service stations). This will likely not change under the proposed stationary source definition. However, it will depend both on the relationships between equipment and activities, and legal opinions from EPA, ARB and District Counsel. For non-military sources, a few facilities that are currently broken into several stationary sources may be reclassified into one or two stationary sources if the sources have related equipment as defined in the rule. Also, businesses all located at the same site but leasing separate spaces may be aggregated into a single stationary source if their business functions are found to be related. For example, an industrial park may contain three different but related companies. The first company performs lay-up and adhesive work on fiberglass parts. The second company takes these parts and further processes them by performing sanding, grinding and milling on them. A third company coats and paints the parts. In this example, the companies are "related" since the process of one emission unit affects the process of another emission unit. Since the companies are on contiguous properties, they would all be considered a single stationary source.

33. WORKSHOP COMMENT

The rule generally defines contiguous property to be all properties next to each other, including public roads in between sources, but not including waters that are navigable. How are dredges operating in the County going to be treated in terms of the stationary source definition and contiguous property?

DISTRICT RESPONSE

Given the changes being proposed in Rule 20.4, dredges would likely be permitted as portable emission units. As such, the units will be reviewed for compliance on an individual unit basis, and generally not be considered part of a stationary source. Therefore, the definition of stationary source should not be a factor in the permitting of dredges. The exception would be if the dredge is dedicated to service at a particular stationary source. There is a concern, however, with regards to the effect on the ambient air quality standards that portable equipment may have if several large portable emission units (such as dredges) are located close to each other. In order to address this concern, the District has included provisions to Rule 20.4(d)(2)(ii), which allow the Air Pollution Control Officer (APCO) to require an AQIA after the equipment receives permits if there is reason to believe that there may be an impact on an AAQS.

34. WORKSHOP COMMENT

Why are maintenance operation emissions from emergency equipment included in the calculation of potential to emit [Rule 20.1(d)(1)(ii)(B)]? It would appear that limiting the emissions to 52 hours would be enough so that those emissions would not have to be included in the stationary source's emissions.

DISTRICT RESPONSE

Emissions from emergency equipment maintenance emissions can be significant. There are large numbers of emergency equipment in San Diego County. In addition, the California CAA requires a no-net-increase in permitted emissions regardless of what that equipment is used for. Since emergency generators are permitted, they are required to meet the no-net-increase provisions, i.e., provide emission offsets. If this equipment were exempted from offsets, the California CAA would

require that the emission increases associated with the equipment be offset by other sources through higher offset ratios.

The California CAA appears to require emission offsets for all of the equipment's emissions, including those occurring during emergency operation. However, it is impossible to determine what amount of emissions occur during emergency operations (because it is impossible to know when such emergencies would occur), and it is reasonable to expect that such emergency emissions are being offset, in part, by lower emissions from the serving utility. For these reasons, only maintenance emissions are being included in the stationary source's aggregate emissions and required to be controlled and offset. Those emissions can be limited and can be predicted.

35. WORKSHOP COMMENT

Emergency equipment should not be required to install BACT. Resulting emissions are limited for purposes of maintenance operations, and non-maintenance operations are limited to power outages.

DISTRICT RESPONSE

The proposed rule does not exempt emergency equipment from the BACT requirements. However, a source can demonstrate that the installation of BACT is not cost-effective or technologically feasible and thus demonstrate that BACT should not be required. Please note that emergency equipment is not being exempted from NSR as it was previously. Rather, the provision limits the amount of emissions which must be counted towards a stationary source's aggregate emissions.

36. WORKSHOP COMMENT

Assume that a stationary source is on fire. Are there any provisions which prevent the operator from getting cited? For example, would the District be able to cite someone who owned a storage tank which catches on fire?

DISTRICT RESPONSE

It is difficult to visualize a situation where the District would issue notices of violation if equipment is on fire at a stationary source. This appears to be an enforcement issue and not related to the NSR changes being proposed. NSR is only applicable when an Authority to Construct is required. Since an Authority to Construct would not be applicable to a fire, NSR would likewise not be applicable.

37. WORKSHOP COMMENT

Rule 20.1(d)(1)(ii) contains language which states "permitted and unpermitted emission units under District review". Can you give an example of this?

DISTRICT RESPONSE

This addresses the case where an application for an Authority to Construct (A/C) or Permit to Operate (P/O) is submitted to the District and is being reviewed, but where a permit has not yet been granted. The emissions from this equipment would be included in the stationary source aggregate emissions.

38. WORKSHOP COMMENT

Rule 20.1(d)(4)(ii) contains language that actual emission reductions must be surplus. What is surplus?

DISTRICT RESPONSE

Rule 20.1(c)(60) defines "Surplus". Surplus means that the reductions cannot be already required by any other local, state or federal rule or regulation, including the State Implementation Plan (SIP) or Regional Air Quality Strategy (RAQS).

39. WORKSHOP COMMENT

Rule 20.1(e)(1) contains language which states "unless specifically modified by the District". What does this refer to? Does this mean that the District can unilaterally impose conditions?

DISTRICT RESPONSE

This provision was not intended to provide a way for the District to unilaterally change permit conditions. The provision was intended to clarify that existing permit requirements continue to apply to each permit unit. The language addresses two cases. First, the case where the applicant has requested a change in permit conditions and the District grants that change through an A/C or Permit to Operate change. Second, those occasional changes for which the District must modify a permit condition for all of the same category of sources in the County, primarily because of a rule change. In this latter case, the District notifies the equipment owners of the impending change and discusses problems that may result from the change. An appeals mechanism is provided. Both of these cases are currently handled in the manner described. The District is not proposing to change the method by which permit conditions are modified. District Rule 21 requires the District to notify permittees of proposed changes to permits. Rule 25 provides the right for the permittee to appeal any changes.

40. WORKSHOP COMMENT

How will the NSR proposal affect equipment for which an Authority to Construct or a Startup Authorization has already been issued ? Would the old rule apply where the a Startup Authorization or Permit to Operate had been issued?

DISTRICT RESPONSE

The proposed rule does not affect any equipment which has received an A/C, Startup Authorization or P/O, unless the equipment is subsequently modified. Equipment under review at the time the new rule is adopted will be subject to the new NSR provisions, regardless of when the application was submitted or deemed complete. The proposed rules will not be retroactively applied where an A/C has been issued unless that A/C is amended. The existing NSR rules will be deleted in their entirety and will not be applied to any stationary source after the proposed rule is adopted. This is consistent with County Counsel opinion regarding applicability of rule requirements and compliance determinations. All permits issued under the previous version of the NSR rules will remain valid and enforceable until a modification is requested and approved.

41. WORKSHOP COMMENT

Would the District consider emission reductions to be surplus and eligible for banking if a tactic has been developed and is available to the public, but the corresponding rule has not yet been developed?

DISTRICT RESPONSE

Emission reductions required by measures identified by the District and which have been made public are not surplus and therefore are not available for banking, unless the reductions are made early. In this latter case, temporary reduction credits could be available for banking.

42. WORKSHOP COMMENT

What if reductions are made early? Would those reductions be available for credit?

DISTRICT RESPONSE

Emission reductions which are made before they are required by a rule or regulation are eligible to be banked but would be valid for a limited time period. The banked reductions would be valid until required by the rule which claims them. The ability to do this currently exists and is contained in the District's existing Banking regulations.

43. WORKSHOP COMMENT

The language of Rule 20.2(d)(2)(iii) seems to imply that an AQIA is required each time a portable or transportable emission unit is relocated. Is this the case?

DISTRICT RESPONSE

Whether or not an AQIA is required each time a portable emission unit moves from site-to-site depends on the AQIA which was performed when the equipment is initially permitted and on how much background concentrations have changed since the AQIA was performed. If, at initial permit issuance, a unit exceeds the AQIA trigger levels contained in Table 20.2-1, this demonstration must be made. In such cases, if a unit owner/operator can demonstrate through modeling that worst-case conditions have been considered and accounted for and demonstrates that the AQIA based on these worst-case conditions shows that the unit will not cause or contribute to violations nor interfere with the maintenance of any state or federal AAQS, the AQIA would not need to be performed again since the analysis was conducted using worst-case conditions. However, if conditions change (for example if the background concentration has increased), or if a worst-case AQIA was not performed, then it is likely that an AQIA would be required before the unit moves to a new location. This is to ensure that AAQS which are affected by local emissions are protected. Please also see the response to Comment No. 96.

44. WORKSHOP COMMENT

The particulate matter trigger levels have gone down significantly. What is the reason for this change? Particularly, since the District is in attainment of the federal PM_{10} standard, are these lower thresholds needed?

DISTRICT RESPONSE

The PM_{10} emission trigger level for BACT will be 10 pounds per day pursuant to the California CAA requirements. That Act also requires an offset threshold of 10 tons per year for any stationary source. The trigger for AQIA was reduced to correspond to ARB guidance and to federal significance levels for PSD.

45. WORKSHOP COMMENT

Rule 20.2(d)(3)(B) implies that it is the applicant who must notify the federal land manager, the EPA, the ARB, the South Coast AQMD (Air Quality Management District) and Imperial County APCD (Air Pollution Control District). Why is the applicant required to do this?

DISTRICT RESPONSE

Both Rule 20.2 and 20.3 have been modified such that the required notifications are performed by the District and not the applicant. The exceptions to this are the notification requirements of Rule 20.3(d)(3)(ii)(A) and (B). The District would not generally have knowledge of applications which trigger the notification requirements before they are submitted and the federal CAA requires the applicant to provide the notifications in such cases.

46. WORKSHOP COMMENT

What provisions are there to ensure that confidential information (trade secrets) are not revealed to the public during the comment periods?

DISTRICT RESPONSE

District Rules 175, 176 and 177 specify how trade secret and confidential information are handled.

47. WORKSHOP COMMENT

Emission offsets are required based on an emission unit's potential to emit. What happens if it is known that a site's emissions will increase over time and that the site will not reach its maximum

potential to emit for a long period of time? Do the offsets have to be provided for the full amount up-front? Specifically, landfills are such a source.

DISTRICT RESPONSE

If the increases were to occur within a relatively short period of time, then the offsets would have to be provided in full at the time of issuance. However, if the maximum potential would not be reached for a very long period of time (for example for landfills over 10 or more years) then the source could be issued a permit limiting its potential to emit for a certain amount of time and the source would provide offsets for that potential to emit. Subsequently, the source could request to modify its permits, increase the potential and provide the additional offsets.

Care must be taken to ensure this type of situation does not result in a source not complying with federal major source requirements (specifically, Lowest Available Emission Rate (LAER) and 1.3 to 1.0 offset ratio for NOx or VOC) by "incrementing". If the source is aware that it will be a major source, then it can still limit its potential to emit, but the 1.3 to 1.0 offset ratio, LAER and PSD requirements must be satisfied. Further, the District does not want to create a situation where a source is built but cannot provide the full amount of emission offsets. The case described is very specialized and only under very limited circumstances could this type of source be permitted in the manner described.

48. WORKSHOP COMMENT

The provisions of Rule 20.3(d)(3)(ii)(A) requires that a PSD major source submit notifications 30 days prior to application submittal. Why is this the case? This will increase permit processing time and add an extra administrative task. Will the variance Board allow a variance to be submitted without a permit application on file at the District?

DISTRICT RESPONSE

Federal PSD provisions in the federal CAA require new PSD major sources and PSD major modifications notify certain federal agencies 30 days prior to the application submittal they intend to file. The cited provision has been included in the District's NSR proposal because of that requirement. The provision applies only to sources which are subject to the PSD portions of the District's NSR rule. The source must be a PSD major source for this to apply. It is anticipated that there will be only a few PSD sources.

With regard to the variance Board issue, it appears that the question is "can a variance be obtained from the 30-day notification requirement prior to application submittal". It would appear unlikely that an applicant would not know well in advance of application submittal, certainly at least 30 days before, whether or not the source is a new major source or a major modification. The pre-application notification requirement is part of the federal PSD provisions. Subsection (d)(3)(ii)(C) has been added to specify what must occur if notification prior to application submittal does not occur. Subsection (d)(3)(ii)(B) address the issue if the application is modified during processing such that it would become subject to the PSD provisions.

49. WORKSHOP COMMENT

Does the District really intend to require that the lowest emitting of the options contained in the BACT definition be used?

DISTRICT RESPONSE

Yes. This is required by state and federal laws.

50. WORKSHOP COMMENT

The calculation methodology of potential to emit contained in Rule 20.1, Section (d) appears to allow a source to establish any pre-project maximum potential to emit so long as the unit was capable of emitting at that rate. Is this the case?

DISTRICT RESPONSE

A limitation has been added on what the pre-project maximum potential to emit of an emission unit can be. Where existing permits do not limit emissions, the pre-project potential to emit will be limited to the unit's actual emissions.

WRITTEN COMMENTS
BACT/LAER RELATED

51. WRITTEN COMMENT

We recommend that the District revise the rule to require Lowest Achievable Emission Rate (LAER) for those sources required to install LAER under the federal Clean Air Act, to require traditional BACT for all other sources and to eliminate the cost multiplier from that BACT definition, including eliminating the LAER concepts from the proposed BACT definition.

DISTRICT RESPONSE

A definition of LAER applicable to federal major stationary sources has been added. Essentially, the difference between LAER and BACT is the consideration of cost for BACT. Cost is not a consideration for LAER. The cost multiplier will be retained for determining BACT cost-effectiveness.

52. WRITTEN COMMENT

In reading the proposed BACT definition, it appears that technology could be judged to be cost-effective if it was 1.5 times the most costly stationary source control measure for the particular pollutant contained in the current APCD rules. Is this the case?

DISTRICT RESPONSE

This is the case. This is consistent with the District's current practice, with ARB and EPA guidance and regulatory requirements, and with the methodology used by other California air pollution control districts.

53. WRITTEN COMMENT

The District should identify what is the highest control cost per pound of emissions contained in the rules.

DISTRICT RESPONSE

The cost of emission controls required of stationary sources will vary with time. It will likely increase as the 1991 Regional Air Quality Strategy (RAQS) for the San Diego Air Basin, the State Implementation Plan (SIP) for the San Diego Air Basin and the Reasonably Control Technology (RACT) and Best Available Retrofit Control Technology (BARCT) requirements of the federal and state Clean Air Acts are implemented. Emission standards will become more stringent and smaller emission sources will come under regulations. The current cost-effectiveness values used by the District for BACT determinations are $7.50/lb for VOC and $3.75/lb for NOx. The District has not been regulating PM_{10} and therefore the cost-effectiveness value for PM_{10} has not yet been established. For SOx, total suspended particulates (TSP) and CO, BACT has been technology based. The technologies used for BACT (for example, 0.05 percent sulfur fuel or a baghouse) are readily available and cost-effective. Therefore, cost-effectiveness values for have not yet been established for SOx, TSP or CO.

54. WRITTEN COMMENT

The BACT cost-effectiveness criteria should not include the cost of control technology that may be required of utilities. A standard which uses utility control costs may be excessive for other industrial sources.

DISTRICT RESPONSE

The cost-effectiveness calculations are consistent with the District's existing policy and rule requirements and with ARB and EPA policy and regulatory requirements. The District currently uses the cost per pound of emissions controlled by adopted rules as the basis for cost-effectiveness. It should be noted that the cost-effectiveness for the installation of NOx controls on utility equipment is not the highest of the values contained in the RAQS. The Air Pollution Control Board determines which rules are adopted and therefore determines if a proposed rule is or is not cost-effective prior to adoption. A possible exception would be if the District is required to adopt a BARCT or RACT measure by the state or federal oversight agencies which would not otherwise be considered to be cost-effective by the Board. In such cases, the District may determine that such a measure is not to be considered in making the cost-effectiveness determination for BACT.

55. WRITTEN COMMENT

The District should compute the impact of imposing higher BACT costs on larger sources than on smaller sources. The BACT cost multiplier should be eliminated.

DISTRICT RESPONSE

California Air Resources Board guidance on BACT encourages the use of a tiered approach to determining cost-effectiveness. Elimination of the cost multiplier would make all sources subject to LAER, including non-major sources. This is not desirable. The District is not imposing higher BACT costs on "larger" sources beyond that required by the state and federal requirements (e.g. LAER) and current NSR rules. The BACT cost multiplier values proposed are independent of one another in terms of how they were derived.

For sources greater than 25 tons per year, there will be no cost limitation, consistent with the LAER provisions for major sources contained in federal law. This is the same as the District's current NSR rule requirements.

For sources emitting between 10 and 25 tons per year, the 1.5 cost multiplier is the same as current District practice. The District currently uses a 1.5 cost multiplier to determine if the cost of proposed BACT is "substantially greater" than the cost of current BACT (see existing BACT definition and existing Rule 20.2 provisions). This practice will be continued.

Because smaller sources will be required to provide BACT under the proposed rules than under the current rules, (10 lbs/day vs. 100 lbs/day), it is appropriate to consider a lower cost-effectiveness threshold for them. However, the proposed 1.1 cost multiplier for sources less than 10 tons per year has no effect on the cost multiplier of larger sources. Since the cost of BACT applied to "large" sources is essentially the same as is currently the case, the proposed rules do not impute a higher cost on "large" sources.

56. WRITTEN COMMENT

Cost-effectiveness needs to be defined in terms of detailed costs and these criteria should be published in a BACT manual.

DISTRICT RESPONSE

Please see the District's response to comment No. 18.

57. WRITTEN COMMENT

Under the proposed rules, the District has considerable discretion in determining whether control technology is "technologically feasible". Other districts have adopted BACT manuals which establish what controls are considered technologically feasible. Since the District has indicated that it does not have sufficient staff to prepare and up-keep such a manual, we suggest that the District

identify the universe of BACT manuals, other sources or internal determinations to which the APCD would refer in making such determinations.

DISTRICT RESPONSE

The District is not proposing to change its methodology for making determinations of technological feasibility. The current practice of searching publicly available literature, including BACT manuals published by other agencies will be continued. The rule cannot include references to documents over which the District or the Air Pollution Control Board have no control. If this were done and determinations or changes were made to those documents that the District disagreed with or determined were unacceptable, the District would be forced to use them, regardless. The District does intend to formulate a written BACT guidance policy which will refer to those outside sources. Such guidance would be made available to the public.

58. WRITTEN COMMENT

Rule 20.1(c)(9)(ii) contains reference to "technologically feasible". What does this term mean?

DISTRICT RESPONSE

This language is contained in the current NSR rules. The District is not proposing to change how the language is interpreted. EPA guidance on this issue is extensive. For example, EPA's "New Source Review Workshop Manual" Draft, October 1990, pg. B.17 provides such guidance. Briefly, control technologies already in use on the type of source under review are de-facto technologically feasible. For control technologies which are not demonstrated either on the type of source under review or not used on other sources, two concepts should be analyzed: availability of the equipment and applicability of the equipment. In the first instance, a determination that the technology is available through commercial channels or is otherwise available through the common use of the word would be made. Secondly, a technology would be considered applicable if it can be reasonably installed and operated on the source type under review even if not identical to the source type where the control equipment was first applied.

59. WRITTEN COMMENT

In reference to Rule 20.3(d)(1)(iii), if an emission unit emits more than five pounds per day of several pollutants it may not be possible to have one replacement unit which is "best available control technology" for all pollutants. Perhaps the first sentence could be amended to read:

"Any relocated or replacement emission unit or combination of units with a potential to emit ..."

DISTRICT RESPONSE

The definition of "emission unit" has been modified to include a combination of articles, machines, contrivances, process or process lines can be considered an emission unit. In addition, the proposed threshold for requiring BACT has been increased from five to ten pounds per day. If an emission unit emits more than ten pounds per day of several pollutants, the equipment would be required to be equipped with BACT for each pollutant which has an emission rate of ten or more pounds.

60. WRITTEN COMMENT

We recommend that the District clarify that the five pound per day BACT requirement applies for each criteria air contaminant. We recommend that the District require BACT for emission units which emit a yearly averaged five pound per day.

DISTRICT RESPONSE

No specific language is needed to further clarify that the BACT requirements apply on a pollutant by pollutant basis. The provisions of Rules 20.2 and 20.3 Subsections (1)(i) through (iv) are clear in this regard. For purposes of determining BACT cost-effectiveness, the annualized cost of the control technology is used together with the unit's yearly emission rate. Thus, the BACT cost-

effectiveness determination uses the unit's yearly emission rate as is recommended. As noted above, the proposed BACT trigger has been increased to ten pounds per day.

61. WRITTEN COMMENT

What would occur if there is no BACT alternative for an emission unit?

DISTRICT RESPONSE

This comment is not clear. If control equipment or process modifications meeting the BACT definition are not found because they are not technically feasible, including consideration of alternate methods and equipment, then there would be no control technology which could be considered as BACT. In such a case, BACT would not be required, and the proposed equipment could be approved. If there is control equipment or process modifications which are technologically feasible, but none which are cost-effective, then there would be no control technology which could be considered as BACT since none of the alternatives are cost-effective. The BACT requirement would be satisfied in both cases.

GENERAL COMMENTS REGARDING SOCIOECONOMIC IMPACT ANALYSIS AND RULE STRINGENCY

62. WRITTEN COMMENT

Under certain provisions of the proposed NSR amendments, larger sources of air emissions, which emit a much smaller percentage of emissions to the air as a group than do smaller sources, seem to bear more of the burdens than small sources.

DISTRICT RESPONSE

The District's emission inventory data indicates that the statement "large sources of air emissions, ... emit a much smaller percentage of emissions to the air as a group than do smaller sources" is incorrect. In 1991, as a group, stationary sources greater than 10 tons per year emitted 86 percent of all stationary NOx emissions, even though they constitute only six percent of permitted stationary sources. For VOC sources, those greater than 10 tons per year constituted only two percent of the total number of stationary sources, and emitted 25 percent of the total stationary VOC emissions. This last number would be higher if perchloroethylene emissions, which will no longer be regulated as a VOC, were excluded.

The requirements of proposed NSR rules reflect the requirements of the California and federal Clean Air Acts. The state and federal Acts require offsets in San Diego County from sources which emit 10 tons per year or greater and from sources which emit 25 tons per year or greater, respectively. The proposed rules contain the minimum offset requirements of the California and federal Clean Air Acts. The District is proposing to require a 1.0 to 1.0 offset ratio for sources greater than 10 tons per year to satisfy California CAA requirements and a 1.3 to 1.0 offset ratio for NOx and VOC sources greater than 25 tons per year in order to satisfy the federal CAA requirements.

63. WRITTEN COMMENT

(The District received various comments regarding the socioeconomic impact analysis required by state law.)

DISTRICT RESPONSE

The District is required to conduct, and will make available for public comment, a socioeconomic impact analysis for the proposed revisions to the NSR rules. The District intends to perform the analysis and make it available for comments as soon as possible. Public comments on this issue should be provided to the District after the socioeconomic impact analysis is completed and released for public comment.

64. WRITTEN COMMENT

(The District received various comments related to the perception that the rule constitutes "excessive and nonbeneficial regulation" and about the costs of the proposed regulations on industry.)

DISTRICT RESPONSE

The proposed regulations are in response to state (California Clean Air Act) and federally (Federal Clean Air Act) mandated requirements. In general, the District believes that the requirements of the proposed NSR rules meet the minimum requirements of both of these mandates. A few provisions of the current NSR rules that are more stringent than state or federal requirements have been retained in the proposed new rule (e.g. the AQIA trigger levels). With regard to cost impacts, the District is required to conduct an analysis of the socioeconomic costs of the proposed rule. That analysis will be submitted for public review and comment when it is completed.

65. WRITTEN COMMENT

We recommend that the APCD submit a New Source Review rule which meets the federal Clean Air Act requirements separately from the NSR rules which meets the California Clean Air Act requirements. This would allow the District more time to develop NSR requirements to meet the state Clean Air Act.

DISTRICT RESPONSE

The District is exploring ways to submit to the EPA a federally enforceable version of the NSR rules. That version will be part of the District's proposed changes to the SIP and will contain only the minimum requirements of the federal CAA and will not include any of the major elements designed to meet the California CAA requirements.

With respect to the timing of the adoption of the proposed NSR rules, the 1988 California CAA required the District to adopt a no-net-increase permit program by July 1991. Additionally, the federal CAA required the District to adopt revised NSR rules by November 15, 1992. The District cannot delay adoption of either version of the NSR rules. The intent in submitting separate NSR rules to the state and to the EPA is merely to ensure that the NSR rules which meet the more stringent state requirements do not become federally enforceable.

66. WRITTEN COMMENT

The regulation of new landfills under the proposed rules imposes an arbitrary restriction to which typical business operations are not subject. Landfills, by their nature, deplete themselves over time. After a landfill has reached capacity, the very same landfilling operations must be moved to another location in the same air basin. Although the new location will witness the identical level of landfilling activity and the identical air impacts, a permit would be required. The proposed rule would require emission offsets, even though no offset credits would be given for the closure of an existing landfill.

DISTRICT RESPONSE

The proposed NSR rules impact all stationary source types equitably. The requirements which must be complied with depend on the emissions from the proposed emission unit and on the stationary source's emissions, not on the type of source being regulated. The rule is not arbitrarily imposing more stringent requirements on landfill operations. An industrial source with the same emission levels would be required to comply with the same requirements as a landfill operation. In fact, special offset provisions have been included for landfill operations which are essential public services.

Landfills emit significant quantities of methane gas, which is a non-photochemically reactive compound and therefore not a VOC. However, landfills also emit significant quantities of potentially toxic compounds and some photochemically reactive organic gases. In order to reduce the amount of exposure to these toxic compounds, District Rule 59 requires that their emissions be controlled. If the

operator controls those emissions by combusting the landfill gas, then the resultant criteria air contaminants are subject to NSR. Given the same amount of emissions from a landfill operation and any other industrial facility, both would have to comply with the exact same requirements, with the only possible exception being the treatment of offsets for essential public services.

The statement that landfills deplete themselves over time is only partially correct. Landfills produce VOC and toxic emissions for up to 70 years. The closure of one landfill and the opening of another not only does not result in a decrease in emissions, but in fact results in an increase in emissions since both landfills would be concurrently degassing for a significant amount of time.

Although emissions due to landfill waste decomposition are not likely candidates for banking, certain other landfill facility related emissions can be banked upon closure of a landfill. These would include haul road and waste processing emissions.

67. WRITTEN COMMENT

District Rule 59 requires that landfill gas flares be installed on landfills. The proposed NSR would require that emission offsets be purchased for flares installed only at the behest of the District. In addition, flare installations will be disproportionally penalized. The new flares contribute only a small fraction of ozone forming emissions. The majority of these emissions come from vehicles not affected by the proposed NSR rules.

DISTRICT RESPONSE

Rule 59 requires the installation of gas collection and control systems at landfill operations only if ground cover maintenance is inadequate to demonstrate compliance with the performance provisions of the rule. Rule 59 does not automatically impose a requirement that a gas collection and control system be installed. In terms of flare emissions, the proposed NSR rule's provisions do not single out flares. Given the same emission rates for a landfill operation and an industrial facility, both would be required to comply with exactly the same NSR requirements and provisions. If landfill flare emissions do not exceed 10 tons per year on a pollutant specific basis, then such emissions are not required to be offset (assuming there is no other equipment on-site). This requirement is the same for all sources. Emissions greater than 10 tons per year on a pollutant specific basis from any stationary source are not "insignificant" and are required to be offset in accordance with the requirements of the California CAA.

68. WRITTEN COMMENT

Based on the District's indications that it will seek reclassification from a severe ozone non-attainment area to a serious area for purposes of state CAA classification, the proposed NSR rules should reflect AB2783 changes to the no-net-increase provisions. Specifically, the no-net-increase clause should apply to sources with a potential to emit 15 tons per year or greater.

DISTRICT RESPONSE

Although the District has tried to anticipate regulatory changes and has included as many of those as possible, the District's reclassification of ozone non-attainment status is not expected to be resolved for some time. If the reclassification issue is resolved prior to NSR rules adoption, the District will change the no-net-increase provisions of the rule to reflect the new classification. If it is not resolved until after the proposed rules are adopted, the District will proceed with adoption of the rules with the current proposed thresholds and, in the future, propose further modifications to the rules.

69. WRITTEN COMMENT

We believe that the current major source threshold for PM_{10} is too restrictive. The federal major source threshold for PM_{10} is significantly greater than 15 tons per year. We recommend that the major source threshold be 70 tons per year, consistent with the definition of major sources for serious nonattainment areas (the District is attainment of the federal PM_{10} standards but non-attainment of the

state PM_{10} standard). Since the PM_{10} AQIA threshold is based on the major source threshold, this threshold would also affect the AQIA PM_{10} trigger.

DISTRICT RESPONSE

The District concurs. The major source NSR trigger is proposed at 100 tons per year or greater, the same as for PSD sources. For sources which are already major for PM_{10}, the NSR major modification threshold will be 15 tons per year, consistent with federal requirements. The proposed AQIA trigger has been changed to reflect ARB guidance on AQIA trigger levels.

70. WRITTEN COMMENT

The thresholds for PSD requirements are more restrictive than those required under federal law.

DISTRICT RESPONSE

The PSD triggers included in the original proposal reflected a continuation of the current rules use of federal significance thresholds as the major source and PSD thresholds. However, the District has reconsidered this and is now proposing that the thresholds for PSD major stationary sources be changed to more closely reflect federal requirements. Specifically, the District is proposing that for purposes of PSD, the following apply: PSD major source thresholds would be 100 tons per year for PM_{10}, NOx, VOC, and SOx and 0.6 tons per year for lead. The PSD major modification thresholds would be 15 tons per year for PM_{10}, 40 tons per year for NOx, VOC and SOx, 100 tons per year for CO and 0.3 tons per year for lead.

71. WRITTEN COMMENT

The proposed rule does not take into account the density of emission sources. A large stationary source which emits a certain amount of emissions is penalized when compared to an industrial park of the same size which has the same amount of emissions, because the park would be composed of several discrete stationary sources. The rule would force facilities to decentralize and create smaller stationary sources in order to avoid rule requirements. For example, the emissions from a centralized boiler would be less than the aggregate emissions from several smaller boilers exempt from permits by Rule 11. The rule should take into account emission offsets achieved by not using several exempt pieces of equipment.

DISTRICT RESPONSE

The concept of regulating stationary sources according to their size has been used for many years. Both the California and federal Clean Air Acts' requirements are based on the stationary source and total source emissions concepts. The definition of stationary source used in the proposed rule is one derived from federal and state regulations.

The District did consider regulating sources solely on an individual emission unit basis, eliminating the need for a stationary source definition. However, this approach proved to be unworkable and could prove more restrictive than the approach being proposed. Moreover, such an approach could not be reconciled with the emission offset requirements of the federal and state Clean Air Acts. The District shares the concern that large sources will try to disaggregate their stationary sources to smaller individual sources such that more emissions without offsets result. The definition of stationary source addresses this by requiring that related sources be considered as a single stationary source if located on the same or adjacent properties.

ESSENTIAL PUBLIC SERVICES

72. WRITTEN COMMENT

Private industrial sources appear to bear more burdens than certain government-owned sources with regard to the offset provisions of the rule. We request that the APCD quantify what effect exempting certain government owned sources from offset requirements will have on private sources.

DISTRICT RESPONSE

The proposed rules specifically address essential public services and their offset requirements. The proposed rules require that essential public services provide offsets at the ratios applicable to all sources. However, should an essential public service be unable to provide emission offsets at the full amount, Rule 20.2(d)(5)(iv) addresses the issue. It may have been unclear that both parts of Rules 20.2(d)(5)(iv) [both (A) and (B)] apply to an essential public service which is unable to provide offsets at the full offset ratio. This has been clarified.

In Rule 20.2(d)(5)(iv), the Air Pollution Control Officer has the authority to allow essential public services to offset emission increases at a ratio less than 1.0 to 1.0, if the source makes the demonstrations required and if offsets can be obtained by the District or any other party to demonstrate compliance with the no-net-increase provisions of the state CAA.

If offsets cannot be provided by an essential public service at the full amount, there are three alternatives available to the District. First, Subsection (d)(5)(iv)(B)(1) allows the District to provide the offsets from offset credits banked by the District. If the District has banked emission reductions and uses them in this way, there is no effect on other sources in terms of offsets or offset ratios. Second, Subsection (d)(5)(iv)(B)(2) requires the District to demonstrate that Reasonable Further Progress (RFP) can be achieved without the remaining emission offsets and that the no-net-increase provisions of the California CAA be satisfied. Again, in this case there is no effect on other sources in terms of offsets since a demonstration would need to be made that the offsets are not needed for RFP demonstrations and that overall, the permit program achieves a no-net-increase. Finally, if Subsection (d)(5)(iv)(B)(3) were invoked, the District would recommend to the Air Pollution Control Board other measures that the Board could adopt to ensure that the California CAA requirements are satisfied for the source's permit application to be approvable. The Board could elect to adopt such other measures to provide the offsets or not adopt them in which case the application could not be approved.

This is a reasonable approach to providing for essential public services. As the San Diego region expands, more and more infrastructure must be constructed to accommodate industrial and population growth. If construction and expansion of essential public services cannot be accommodated, industrial growth will be limited because there will not be sufficient infrastructure to support it. To the extent that such infrastructure is required to ensure the current and future economic viability of the region, the District has provided an approach to allow for the expansion of essential public services. The District does not intend to be more stringent than the California CAA by requiring emission offsets from sources less than 10 tons per year in order to generate excess emission offsets and reduce the offset requirements for essential public services.

73. WRITTEN COMMENT

Rule 20.2(d)(5)(iv)(A)(2): What is the rationale for the cost factor (five times the cost of other control measures)?

DISTRICT RESPONSE

The District is concerned that the construction of essential public services could drive the price of emission offsets in the air basin upward. Essential public services projects could tap virtually unlimited financial resources in order to ensure that the project is constructed. Thus, they could drive the price of offsets to high levels. The threshold contained in the cited provision allows the Air

Pollution Control Officer to consider allowing alternative offsetting provisions. At the same time, the District does not want to create a situation where every essential public service project would be eligible for consideration of the alternative offsetting provisions. The cost factor contained in the rule will be reviewed when the socioeconomic analysis is completed and will be revised if appropriate.

74. WRITTEN COMMENT

The definition of essential public services does not include hospitals or universities. Why are essential public services included in new source review? What is the cost/benefit of limiting the expansion of hospitals and universities versus greater restrictions on other "non-essential" stationary and mobile sources? What is the cost/benefit of increased restrictions on stationary sources rather than on mobile sources? For essential public services we recommend that BACT should apply, that offsets be provided from the District bank and that PSD provisions be waived.

DISTRICT RESPONSE

Essential public services are not exempt from the provisions of NRS by either the California or federal Clean Air Acts. They must satisfy all of the requirements of the Acts. The requirements of the Acts are explicit in terms of their provisions for equipment at stationary sources.

For the California CAA, a no-net-increase in emissions must be demonstrated for all permitted equipment at stationary sources greater than 10 tons per year, with no exceptions. The Act also contains certain control technology requirements (i.e., BACT). Since the no-net-increase provisions must be satisfied for all such permitted sources, the more sources which are exempted from emission offset requirements by the District, the greater the amount of emission offsets other permitted sources would have to provide.

For the federal CAA, major stationary sources and major modifications must meet specified offset and technological requirements for non-attainment air contaminants. For attainment air contaminants, PSD provisions must be satisfied. The Act does not provide an exemption for essential public services from either the NSR or PSD provisions. Essential public services must therefore also meet the federal CAA requirements.

The California and federal Acts also require significant measures to control and reduce the emissions from mobile sources. These include reductions in tailpipe emissions, conversion to clean fuels and restrictions on vehicle usage. The U.S. Congress and the State Legislature, by passing these Acts, have established what levels of control are required for both stationary and mobile sources.

With respect to the recommendation that offsets be provided by a District bank, the District does not currently own any emission reductions. Existing banking rules allow the District to bank and own emission reductions and the possibility exists that the District may do so in the future. However, essential public services should not yet rely on District banked credits since it is unclear what amount of credits would be available.

75. WRITTEN COMMENT

Soil and ground water remediation projects should be considered "essential public services". These activities are essential for the protection of public health and the environment and should be included in this category.

DISTRICT RESPONSE

The District disagrees. After application of BACT, most soil and groundwater remediation projects will emit less than 10 tons per year of VOC's. As a result, most will not be required to provide emission offsets unless located at a stationary source that already exceeds 10 tons per year. Thus, classification as an essential public service would be of little benefit and would only serve to increase the emission reduction requirements at other sources.

76. WRITTEN COMMENT

We recommend the following wording changes to Rule 20.1(c)(19):

"Essential Public Services" means any of the following, as determined by the Air Pollution Control Officer:

(i) Water, wastewater and wastewater-sludge treatment plants which are publicly owned and/or in public-private partnerships under public control.

(ii) ~~Municipal waste landfills and municipal waste recycling facilities,~~ Solid waste landfills and solid waste recycling facilities in public ownership and/or in public-private partnerships under public control, not including trash to energy facilities."

DISTRICT RESPONSE

Similar language has now been incorporated into the proposed rule.

77. WRITTEN COMMENT

We request that essential public services be exempt from the growth analysis requirements of the Air Quality Impact Analysis (AQIA). We request this exemption because the provision and sizing of new "essential services" (e.g. water, wastewater, wastewater-sludge) is based on projected growth and is not itself growth inducing. We also request that services that are part of a public-private partnership under the control of a public agency be exempt from the growth analysis requirements of the AQIA.

DISTRICT RESPONSE

This comment appears to be intended to refer to the growth analysis requirements of the PSD portions of Rule 20.3. The requirements of Rule 20.3(d)(3)(v)(A) are applicable only to PSD major sources, to PSD major modifications or to sources which impact a Class I area. These provisions are not part of the AQIA requirements. The District has proposed to change the PSD major source threshold to more closely match federal requirements. The proposed PSD major source threshold would be 100 tons per year for PM_{10}, NOx, VOC, and SOx and 0.6 tons per year for lead. The proposed PSD major modification thresholds would be 15 tons per year for PM_{10}, 40 tons per year for NOx, VOC and SOx, 100 tons per year for CO and 0.3 tons per year for lead. Since PSD is a federal requirement, the District is cannot exempt affected sources subject to the provisions of PSD from any requirements.

78. WRITTEN COMMENT

We feel that essential public services should be exempted from the NSR rules, in effect including their emissions in the baseline and achieving net reductions from somewhere else.

DISTRICT RESPONSE

The District disagrees. As previously indicated, the California CAA requires that the District achieve a no-net-increase permit program. The federal CAA requires that emission offsets be provided for new and modified major sources. Neither of the Acts provide exemptions for essential public services. If essential public services are exempted from offset requirements, other sources would be required to provide emission reductions to make up the difference.

EMISSION OFFSETS AND EMISSION REDUCTION CREDITS

79. WRITTEN COMMENT

We request that Rule 20.3(d)(5) be changed to require the purchase of emission offsets prior to obtaining the Permit to Operate. We request this because the amount of the offsets required would be better known at that time.

DISTRICT RESPONSE

Rule 20.1(d)(5)(iii) contains language which states that offsets must be in effect and enforceable by the District at the time of equipment startup. This language is consistent with the existing NSR rule. The amount of emission offsets that a source requires is known at the time an Authority to Construct is issued. Only in those cases where the source requests authorization to be permitted at a higher emission rate would additional offsets be required.

80. WRITTEN COMMENT

We request an exemption from emission offset requirements for that portion of a power facility using fuel that comes from sewage digester biogas and landfill gas. All other fuel used would be subject to appropriate offset requirements.

DISTRICT RESPONSE

The District cannot propose such an exemption. The California CAA requires that the District adopt a permit program which achieves a no-net-increase in permitted emissions from new or modified stationary sources equal to or greater than 10 tons per year. As discussed above, the federal CAA mandates specific offset requirements for new and modified major sources. Essential public services are not excluded from compliance with either state or federal provisions.

81. WRITTEN COMMENT

We believe that the flexibility to use VOC reductions for NOx emission increases (and vice-versa) is necessary. We request that the District provide the interpollutant offset ratios for these pollutants.

DISTRICT RESPONSE

Interpollutant provisions have been included in order to give as much flexibility as possible. The District intends to provide the interpollutant ratios for VOC and NOx as soon as they are available. The appropriate ratios are currently being developed using the District's regional model for ozone formation. These ratios will have to be approved by the Air Resources Board and the Environmental Protection Agency.

82. WRITTEN COMMENT

The District should add language to Rule 20.1(d)(5) which protects the status of previously banked Emission Reduction Credits (ERC) as follows:

> "Nothing in Rules 20.1, 20.2 or 20.3 are intended to change or otherwise affect the status of already banked emissions reductions, credits or offsets."

DISTRICT RESPONSE

The changes to Rule 20.1, 20.2, 20.3 and 20.4 are not intended to change the status of already banked emissions reductions, credits or offsets. However, the District cannot include the suggested language. If EPA or ARB were to change the criteria for the use of existing ERC's and the suggested language were included, the District might be in the position where it is allowing the use of emission offsets in a manner which is contrary to federal or state requirements. For example, should EPA change the classification of perchloroethylene from a VOC to an exempt compound, perchloroethylene ERC's could not be used for offsetting new VOC emissions, consistent with federal policy including the Emissions Trading Policy. (see Federal Register Notice Vol. 57, No. 207, pg. 48491).

83. WRITTEN COMMENT

We request that the District add language to proposed Rule 20.1(d)(5) clarifying that mobile source offsets can be used as offsets, as follows:

"Mobile source emission reductions or credits shall be allowed for use as an emissions offsets to the extent allowed under Rule 26.0, et seq." (underline original).

DISTRICT RESPONSE

Proposed Rule 20.1(d)(5)(i) contains language which indicates that so long as the requirements of the banking rules 26.0 et seq. for ERC are met, any ERC may be used for offsetting so long as it is consistent with federal and state guidance. It is therefore unnecessary to make the proposed reference in the NSR rules since the subject of what constitutes a reduction which can be banked should be located in the banking rules, not the NSR rules.

At the current time, the banking rule, Rules 26.0 et. seq., do not explicitly address mobile source credits. However, the District's position is that the rules do allow for the banking of any emission reduction which meets the actual, permanent, surplus, enforceable and quantifiable tests and all other rule requirements. This includes mobile source credits. The District's position with respect to mobile source reductions is clear: mobile source reductions are eligible for banking and therefore for use as offsets, so long as they meet the requirements of Rule 20.1 and Rule 26.0 et seq. and all state and federal requirements are satisfied.

84. WRITTEN COMMENT

We request that Rule 20.1(d)(5)(v) be modified as follows:

"(v) Emission offsets shall be located in ~~San Diego County~~ the San Diego Air Basin."

DISTRICT RESPONSE

The boundaries of San Diego County and the San Diego Air Basin are identical. Therefore, the District does not see a need to incorporate the recommended language.

EMISSION CALCULATION PROCEDURES

85. WRITTEN COMMENT

The proposed NSR rules includes fugitive emissions in determining a source's potential to emit. Under federal regulations fugitive emissions need not be included for certain sources if they push the source over the major stationary source or major modification thresholds. Some sources cannot exclude their fugitive emissions from the calculation for determining major source or major modification thresholds.

DISTRICT RESPONSE

The methodology in the proposed NSR rules for the treatment of fugitive emissions is intended to be the same as in the existing NSR rules. The District is not proposing to change this methodology and will retain the inclusion of fugitive emissions in the calculation of a stationary source's emissions.

86. WRITTEN COMMENT

We request that the District modify the definition of "fugitive emissions" by adding the word "quantifiable".

DISTRICT RESPONSE

The District has modified the definition of "fugitive emissions" to indicate that they must also be quantifiable. This change reaffirms the District's current practice and intent.

87. WRITTEN COMMENT

The definition of "secondary emissions" should be revised to exclude mobile sources.

DISTRICT RESPONSE

The definition has been modified to comply with the requirements of Title 40 Code of Federal Regulations, Part 52.21(b)(18).

88. WRITTEN COMMENT

In Rule 20.1(b)(2), what is the process for determining "no-net-increase" in the potential to emit?

DISTRICT RESPONSE

The determination of whether there is an increase in the potential to emit will be based on the calculation procedures set forth in Rule 20.1(d). Generally, an emission increase is determined by comparing an emission unit's pre-project permitted emissions to the unit's post-project permitted emissions.

89. WRITTEN COMMENT

Who is responsible for secondary emissions and are they included in a stationary source's potential to emit?

DISTRICT RESPONSE

As defined, secondary emissions are emissions which are not directly attributable to the stationary source under review. The project applicant is not "responsible" for secondary emissions in the sense that the applicant would generally have little or no control over them, but the applicant is "responsible" in the sense that the secondary emissions are emission increase which would not have occurred if it were not for the applicant's project.

Secondary emissions are not included in a stationary source's potential to emit. Secondary emissions are included only when PSD applies and only for purposes of determining if a source's emissions result in a significant impact and for purposes of the growth analysis requirements.

90. WRITTEN COMMENT

Rule 20.1(d)(4)(ii): Since actual emission reductions are based on the emission unit's post-project potential to emit, the actual emission reduction could be underestimated. Why not use enforceable permit conditions?

DISTRICT RESPONSE

Enforceable permit conditions are used to establish a unit's post-project potential to emit. In order to create actual emission reductions, the reductions must be actual, permanent, enforceable and surplus. By definition [see Rule 20.1(d)(1)], specific limiting conditions contained in a permit (i.e., enforceable permit conditions) give an emission unit's post-project potential to emit. Thus, actual emission reductions would be determined from the difference between the pre-project actual emissions to the post-project permitted level (the unit's post-project potential to emit). The post-project potential to emit would have to be reflected on the permit through enforceable permit conditions in order for the reductions to be considered actual and enforceable.

91. WRITTEN COMMENT

Rule 20.1(d)(1): The word "maximum" should be deleted. Calculations should be based on operating conditions only.

DISTRICT RESPONSE

Determination of potential to emit cannot be based solely on operating conditions because it is impossible to determine before hand what the actual operating conditions and therefore the actual emissions from an emission unit will be. EPA and ARB regulations and guidance dictate that an emission unit's potential to emit be based on the unit's maximum potential emissions, unless specific limiting conditions are included in the permit. If a source is willing to commit to permit conditions which limit its operation to what it expects will be the case, these could be used in determining its potential to emit. However, it would not be able to operate in excess of those limitations unless a permit modification to revise the limitations is approved.

92. WRITTEN COMMENT

Rule 20.1(d)(2): The following should be added to the wording of actual emissions:

"If the unit does not have an operating history for any period of time, manufacturer's calculations or an emission baseline would be equivalent to an actual operating history."

DISTRICT RESPONSE

If an emission unit does not have any operating history, the owner/operator would not be able to establish the actual operating history of the unit. Therefore the owner could not document that there was an actual emission reduction as defined in the rule. Manufacturer's data could not establish the unit's actual emissions in this case. Thus, a unit without actual operating history would be considered a new unit, it's actual emissions would be zero and it's post-project potential to emit would be it's maximum potential to emit as limited by permit conditions.

PORTABLE , TRANSPORTABLE AND SPECIAL EVENT EQUIPMENT ISSUES

93. WRITTEN COMMENT

The portable and transportable emission unit provisions should be discussed in a separate meeting.

DISTRICT RESPONSE

The portable emission unit provisions are an integral part of the NSR rules. As requested, the District has held meetings with interested parties to discuss the issue of portable units. As a result of those meetings, the District has proposed new Rule 20.4 which specifies requirements for portable emission units.

94. WRITTEN COMMENT

Rule 20.1(e) should not limit the ability to have more than one transportable emission unit at a stationary source at any one time. It may be that the transportable units are being used for totally unrelated purposes. We feel it is appropriate for the District to limit the number of temporary sources that a facility can operate at any one time, but we feel that different uses for the temporary equipment should be dealt with separately. We also feel that it may take the District more than 90 days to act on a Permit to Operate application. We recommend the following changes to Rule 20.2 and Rule 20.3 Subsection (e)(1)(ii):

"At any one time, there shall not be more than one transportable emission unit used for the same purpose located at a stationary source.... "

DISTRICT RESPONSE

The District has modified the portable emission unit provisions of the rules. New proposed Rule 20.4 contains language which would allow multiple portable units to be located at the same stationary source. The District has deleted the prohibition on multiple co-located transportable units.

95. WRITTEN COMMENT

Rule 20.1(c)(60): We feel that it would be desirable that remediation projects which require only temporary hookups to subsurface piping be classified as transportable emission units during the lifetime of the project or at least for the period of time while the Permit to Operate is being processed. It takes over a year to obtain permits to operate for soil and groundwater remediation projects. (In fact, we know of no soil remediation projects which have received a permit to operate despite operating on startup authorization for over two years.) It is requested that remediation projects or any essential service be allowed to use temporary measures while permits to operate are being processed. It is also important that remediation projects be considered portable and/or transportable so that they do not drive the facility at which the remediation project is taking place into NSR [see Rule 20.1(d)(1)(ii)(C)]. We feel that it may take the District more than 90 days to act on a Permit to Operate application. We recommend the following changes to Rule 20.2 and Rule 20.3 Subsection (e)(1)(ii):

> "... Additionally, all of the transportable emission units located at a stationary source shall not be operated at that stationary source an aggregate of more than 90 days per calendar year, or until the District has acted on a permanent application as long as said application is filed within this period."

DISTRICT RESPONSE

The District has proposed Rule 20.4 which addresses portable equipment. The NSR rules no longer contain references to transportable equipment and there is no longer a limitation on the number of units or amount of time a unit may be located at a site. This addresses the core issue of the comment.

With respect to the District's review of soil remediation projects, the past backlog on soil remediation projects is being specifically addressed. However, the comment seems to imply that equipment which is operating without appropriate Startup Authorization or Permit to Operate should be allowed to operate without meeting the requirements of Rule 10(a) or 10(b), and, in addition, be provided preferential treatment with respect to the portable emission unit provisions. It should be noted that equipment must obtain an Authority to Construct prior to construction or installation and a Startup Authorization or Permit to Operate prior to commencing operation. The District Hearing Board is the only party which can provide temporary variances from District rules and regulations, including the requirement for a Permit to Operate.

96. WRITTEN COMMENT

Rule 20.2(d)(2)(ii) stipulates that the AQIA provisions are triggered on a unit-by-unit basis. Why is the economic burden of obtaining an AQIA placed on the owner of the equipment and not the site owner/operator where the equipment is in use? Since the equipment usage will vary from day to day, only the operator will know what the total emissions at the facility are for any given day.

DISTRICT RESPONSE

The provisions cited in this comment are not applicable to portable emission units. It appears that Subsection (d)(2)(iii) was the intended citation. Proposed Rule 20.4 provides that AQIA requirements are triggered on a unit-by-unit basis, just as they are for non-portable equipment. Nothing prohibits the applicant from having a third party perform an AQIA on the applicant's behalf.

An AQIA is only required if the portable unit's potential to emit exceeds the AQIA emission thresholds. The existing stationary source's emissions do not affect whether an AQIA is required of portable equipment. The AQIA requires that the emissions of the proposed equipment be modeled

and an estimate of the unit's ambient air quality impact made. The results are then added to ambient background concentrations for comparison with the ambient air quality standards.

The applicant for a portable emission unit can perform a "worst-case" AQIA, where the impact of an emission unit's maximum emissions is analyzed and added to the maximum background concentrations in the County. If the applicant can demonstrate that the proposed emissions do not cause or contribute to a violation of any Ambient Air Quality Standard (AAQS), then further AQIA's would not be required for that emission unit when it is moved from site to site. If a worst-case analysis cannot be made either because it is not practical or because it would demonstrate violations or contribute to violations, then an AQIA would be required each time the equipment moves from site-to-site.

97. WRITTEN COMMENT

We understand that the District intends to delete the portable and transportable equipment provisions from the proposed NSR rules.

DISTRICT RESPONSE

The District does not intend to delete the portable emission unit provisions from NSR. Instead the District intends to move the provisions for portable equipment to a separate rule and has done so (see Rule 20.4). This should clarify how NSR will apply to stationary as well as portable emission units. The transportable emission unit definition is no longer necessary given the changes incorporated in Rule 20.4 for portable equipment.

98. WRITTEN COMMENT

Rule 20.1(c)(56) limits the number of times that special event equipment can be rented to a given stationary source. For example, the Del Mar Fairgrounds hosts the Del Mar Fair, horse racing and the Grand Prix.

DISTRICT RESPONSE

Rule 20.4 has been developed to address portable equipment. This rule does not limit the time that portable equipment can be located at a stationary source.

99. WRITTEN COMMENT

Rule 20.2(e)(1)(ii) limits the number of transportable emission units which can be located at a stationary source. Many sources cannot receive electricity from a single source connection and for this and other reasons supplying power via one transportable emission unit is not realistic.

DISTRICT RESPONSE

Proposed Rule 20.4 addresses this issue. The number of units which can be located at a stationary source is no longer proposed to be limited.

100. WRITTEN COMMENT

Rule 20.1(a): Replacement and portable emission units should be identified in the applicability.

DISTRICT RESPONSE

Portable and replacement emission units have been included in the applicability provisions.

101. WRITTEN COMMENT

Rule 20.1(c)(40) and (c)(60): What is the rationale for the 10 ton per year and 30 cumulative calendar day thresholds and the 90-day cumulative calendar day operating restriction?

DISTRICT RESPONSE

The District has now proposed Rule 20.4 to eliminate the limitation on emissions and cumulative days that a unit can operate.

102. WRITTEN COMMENT

The provisions of Rule 20.1(c)(40) should provide that a portable emission unit can be able to be used anywhere in the District once it obtains a permit to operate involving the determination of BACT and either the provisions of offsets or the determination of an offset exemption. No emission limit should be placed on a non-safety related permitted portable or transportable unit.

DISTRICT RESPONSE

The proposed rules no longer contain limitations on the amount of emissions a portable unit can emit. Currently, the District is proposing (see proposed Rule 20.4) that all portable and transportable equipment with emissions greater than 10 pounds per day must be equipped with BACT. If, in addition, the operator provides emission offsets at a 1.3 to 1.0 ratio for NOx and VOC, the equipment could move to any location in the County, provided AQIA provisions are satisfied. If offsets at a 1.0 to 1.0 ratio are provided, the equipment could locate anywhere except at a federal major source (provided again that AQIA provisions are satisfied). If no offsets are provided, the equipment could locate only at facilities whose emissions do not exceed 10 tons per year. This system should maximize the portability of permitted equipment, while minimizing offset requirements.

103. WRITTEN COMMENT

For remediation projects or other projects which result in a reduction of unnecessary risk to the public or environment, the equipment should be permitted and be able to be moved from one to another remediation project location without the concurrence of the District, provided the equipment in the initial permit to operate is designed and operated in accordance with BACT, that an ambient air quality impact analysis under worst-case operating and meteorological conditions has been performed and that the District has concurred that the operation of the equipment will not cause a violation of an ambient air quality standard at any location (or proposed operation locations) in the air basin.

DISTRICT RESPONSE

It is likely that most portable equipment will be able to move as described. However, although not included as a provision of the rule, it is likely that permit conditions would require the owner/operator to notify the District prior to relocation. This notification is necessary to ensure compliance with the school/public notice requirements of AB3205 and NSR emission offset requirements for the portable emission unit, for example. It is not likely (unless there are other overriding considerations) that the District would have to undertake any permitting action because of the move, if a unit is permitted as indicated. However, soil remediation equipment and other equipment where toxic air contaminants are a concern, represent a special case because of the potential public helath impacts. For this and any other equipment that emits toxic air contaminants, permit conditions will likely require some level of site specific analysis of potential local adverse health impacts.

104. WRITTEN COMMENT

Rule 20.3(d)(5)(vi)(B) appears to state that if a facility is currently a major source or would be a major source after the addition of a portable or transportable emission unit, that it would have to offset not only the new emissions from the portable or transportable emission unit, but also any emissions they may be emitting over the major source thresholds. Perhaps this could be modified so that only the additional emissions caused solely by the portable or transportable unit would require offsets.

DISTRICT RESPONSE

The intent is to require offsets for only those emissions increase associated with the addition of the portable or transportable emission unit. Language to clarify this point has been added to proposed Rule 20.4.

For example:
A stationary source has a pre-project aggregate potential to emit of:

NOx	-	35 tons/yr
PM_{10}	-	67 tons/yr
VOC	-	20 tons/yr
SOx	-	25 tons/yr
CO	-	50 tons/yr
Lead	-	0.0 tons/yr

For this example, the existing stationary source equipment emissions will remain unchanged. Note that since the stationary source is major for NOx, it is considered a major stationary source.

The portable emission unit is to be moved on site. Its post-project potential to emit is:

NOx	-	10 tons/yr
PM_{10}	-	5 tons/yr
VOC	-	2 tons/yr
SOx	-	1 tons/yr
CO	-	5 tons/yr
Lead	-	0.0 tons/yr

In addition, it is assumed that at initial permit issuance, the portable emission unit provided emission offsets at a 1.0 to 1.0 ratio for all pollutants in order to be able to relocate to sources over 10 tons per year.

The post-project aggregate potential to emit would be the sum of the stationary source's pre-project aggregate potential to emit and the portable emission unit's potential to emit (i.e. the emission increase associated with the project):

	Stationary Source's Pre-Project Aggregate Potential to Emit		Stationary Source's Emission Increase			Stationary Source's Post-Project Aggregate Potential to Emit
NOx	-	35 tons/yr	+	10 tons/yr	=	**45** tons/yr
PM_{10}	-	67 tons/yr	+	5 tons/yr	=	**72** tons/yr
VOC	-	20 tons/yr	+	2 tons/yr	=	22 tons/yr
SOx	-	35 tons/yr	+	1 tons/yr	=	26 tons/yr
CO	-	50 tons/yr	+	5 tons/yr	=	55 tons/yr
Lead	-	0.0 tons/yr	+	0.0 tons/yr	=	0.0 tons/yr

The stationary source would be major for NOx and PM_{10} after the addition of the portable emission unit. Since at initial permit issuance, the portable emission unit provided offsets at 1.0 to 1.0 for both NOx and PM_{10}, offsets for the difference between this ratio and the major source offset ratio, on a pollutant specific basis, would have to be provided. For NOx, the major source offset ratio is 1.3:1.0. Therefore, the difference would be (1.3 - 1.0) = 0.3 and an additional 3 tons per year of NOx emission offsets must be provided. For PM_{10}, the major source offset ratio is 1.0:1.0. Since PM_{10} emission offsets were provided at a 1.0 to 1.0 offset ratio at initial permit issuance and the major source offset ratio is the same, no additional PM_{10} offsets are required.

105. WRITTEN COMMENT

The portable and transportable emission unit provisions of Rules 20.2 and 20.3 are not compatible with contractual work conducted at our facility. The restrictions would severely impact operations to the extent that work could cease. The prohibitions of most concern are the 10 ton per

year and 30 and 90 day limitations and limiting to one, the number of transportable emission units which can be located at a stationary source at any one time. The requirements for emission offsets is inequitable because these units are operated on a temporary basis while offsets are provided on a permanent basis. The administrative management required under such circumstance would be extremely burdensome on both the District and the source.

DISTRICT RESPONSE

The District has eliminated the maximum emissions and time limitations for portable emission units. The requirement to provide emission offsets has been retained in order to satisfy the California and federal Clean Air Acts provisions. The 10 ton per year offset threshold is specified by the California CAA. The District has clarified in Rule 20.4 that emission offsets could be temporary in nature and also added that the ability exists for equipment owners or operators to develop an emission offset "pool" which could be used to provide offsets as-needed, for multiple portable equipment types.

106. WRITTEN COMMENT

We offer the following recommendations:

- Establish two singular stationary source categories: major ship repair and architectural construction. This act would limit the opportunity for abuse of contractual work conducted at the stationary source by requiring the same conditions as any other source including AQIA and offsets.

- The above scenario is intended for major operations which utilize numerous portable and transportable emission units. Those operations which do not qualify for one of the subject categories should be eliminated; the existing prohibitions would seem equitable. However, to eliminate confusion both emission unit terms should be consolidated as either "portable" or "transportable" and the maximum allowable time usage on-site should be increased to 120 days on an hourly basis (2880 hours) to accommodate any future anomalies.

DISTRICT RESPONSE

The provisions for portable equipment have been significantly changed. The above additional recommended changes no longer appear necessary.

107. WRITTEN COMMENT

Could the portable and transportable emission units definitions be included in rule (*sic*)?

DISTRICT RESPONSE

Rule 20.1 contains a definition of portable emission unit. Rule 20.4 contains the requirements for portable emission units. The term "transportable unit" is no longer used in the proposed rules.

108. WRITTEN COMMENT

Rule 20.1(c)(56): The definition is not consistent with the transportable emission unit requirements of Rules 20.2(e) or 20.3(e). Please clarify if only one or multiple units can be operated at one stationary source.

DISTRICT RESPONSE

The cited provision defined special event emission unit grouping, which has been deleted. Multiple, co-located units will be allowed under proposed Rule 20.4.

109. WRITTEN COMMENT

We recommend that the portable and transportable emission unit restriction on the number of days be changed to hourly.

DISTRICT RESPONSE

Proposed Rule 20.4 contains various options for the permitting of portable equipment and no longer contains limitations on the amount of time that units can be located at stationary sources.

110. WRITTEN COMMENT

We recommend that portable and transportable equipment be classified according to their use. For example, portable paint operations would be classified differently from portable internal combustion engines and each would be allowed at a stationary source for the full 30 or 90-day period. The 10 tons per year limitation should be increased for I.C. engine portable emission units.

DISTRICT RESPONSE

The District has proposed to change its approach to portable equipment such that there are various permitting options for sources to follow. The limitations on time no longer exists. With the proposed changes, separate categories of portable equipment are not necessary. The 10 ton per year emission offset threshold is required under the California CAA.

111. WRITTEN COMMENT

Special Event Emission Unit grouping would limit community military events. We recommend that these units not be included in the stationary source's aggregate potential to emit. We also recommend that these units be considered a separate stationary source.

DISTRICT RESPONSE

The District has proposed changes to the portable equipment provisions which address this concern. Portable units are not included in the stationary source's aggregate potential to emit and there is no longer a need to create a separate stationary source for them.

112. WRITTEN COMMENT

Portable emission units should be limited to 10 tons per year for each criteria pollutant.

DISTRICT RESPONSE

The proposed changes no longer limit the amount of emissions from portable emission units. However, as with stationary equipment, there are emission levels which trigger BACT and an air quality analysis. Further, emission offsets will be required of portable equipment to be loated at sources where emissions are 10 tons per year or more.

113. WRITTEN COMMENT

The Navy has portable equipment over 50 hp, which now requires permits, which are deployable world-wide. The concern is that resources in some locations may not allow the specialized equipment to be kept repaired and operational. We recommend that tactical portable emission units be permitted to be limited in use within a California facility.

DISTRICT RESPONSE

The comment refers to the difficulty of meeting the NSR requirements (specifically BACT or LAER) for equipment which may be on-site for a short period of time and which is operated only for purposes of maintenance. Additional information has been requested of the commentor regarding the type, number, and emissions from this type of equipment. Once that information is received, the District will review and consider if additional provisions for such equipment are appropriate.

114. WRITTEN COMMENT

We suggest adding a definition for "Special industrial event emission unit group", which would be defined as an aggregation of portable or transportable emission units to be used for the sole purpose of supporting an industrial refueling/outage activity (at power plants) occurring no more than twice per calendar year at a stationary source. The aggregation of portable or transportable emissions

units shall be grouped temporarily under one permit and be limited to a potential to emit of not more than the emission rates listed in Table 20.2 - 1 or Table 20.3 - 1.

DISTRICT RESPONSE

The District has proposed to change the way portable emission units are to be permitted. The proposed Rule 20.4 for portable emission units provides sufficient flexibility to accommodate this request.

MISCELLANEOUS

115. WORKSHOP COMMENT:

Environmental analysis of the draft NSR rule amendments may be required under the California Environmental Quality Act (CEQA). An earlier Environmental Impact Report (EIR) for a specific, later project can only be used if the circumstances of the project are essentially the same. If circumstances are the same, the APCD must perform an initial study to determine whether the previous EIR adequately describes the significant impacts of the proposed NSR rule amendments, as well as alternatives and mitigation measures. Public notice and a comment period are required for such a study.

DISTRICT RESPONSE:

The potential for environmental impacts from the adoption of the proposed NSR rule amendments was considered in the Final EIR on the District's Regional Air Quality Strategy (RAQS). That EIR was prepared in April, 1992 and adopted as a Program EIR as defined in CEQA Guidelines section 15168. The use of Program EIRs is favored to allow agencies to examine the overall effects of a proposed new body of regulations in a regulatory program and take steps to avoid unnecessary adverse environmental effects. (See the discussion of section 15168 in the Governor's Office of Planning and Research document, "CEQA Statutes and Guidelines 1992.")

In addition, the District is requesting that an Initial Study performed by the District, be reviewed by the Department of Planning and Land Use (DPLU). Based on DPLU's recommendation and the Initial Study results, a determination will be made as to whether an EIR is required prior to adoption of the rule.

116. WRITTEN COMMENT

In order to avoid taking industry by "surprise", the District should add language to the NSR rules which provides for a "grace period" and make it clear that permit applications submitted within 90 days after adoption of the proposed NSR amendments are not subject to the requirements of the newly adopted NSR rule.

DISTRICT RESPONSE

The California CAA requirements have been well known for over three years. At least seven months will pass between the time the proposed NSR rule workshop was announced and final adoption. A significant "grace period" has already been provided, and no one should be "surprised" by the adoption of the rules.

The federal requirements stipulate that the NSR rule meeting federal provisions must have been adopted no later than November 15, 1992. The California CAA required the District to have in place its no-net-increase permit program by June 1, 1991. The District will be late in adopting the required no-net-increase permit program by at least two years. The District must implement the no-net-increase permit program and adopt the federal NSR requirements as soon as possible.

EXCLUSION OF PERCHLOROETHYLENE FROM VOC DEFINITION

117. WRITTEN COMMENT

Why is the dry cleaning industry exempted from rule requirements through classification of perchloroethylene as a non-volatile organic compound? If Volatile Organic Compound (VOC) control is a public problem, then no industry should receive preferential treatment. The District should revise its definition of Volatile Organic Compounds to contain the compounds included in the federal definition of VOC, including perchloroethylene.

DISTRICT RESPONSE

The proposed rule does not specifically exempt the dry cleaning industry from rule requirements. The District is proposing to identify perchloroethylene as a non-volatile organic compound. In doing so, the District is responding to EPA's published intent to reclassify perchloroethylene as a negligibly photochemically reactive compound which should be exempt from the definition of volatile organic compounds. Sources of perchloroethylene emissions would continue to be regulated under existing and anticipated toxic air contaminant control rules. These include current Rules 51 and 67.8, and a future state Air Toxic Control Measure and federal MACT standard for dry cleaners.

Although dry cleaning operations, as an industry, are a significant user of perchloroethylene in the county, there are other industries which use the compound (uses include maskants and degreasing operations). Because of toxicity, perchloroethylene emissions, including those from dry cleaning operations, may be required to meet technological and emission control requirements similar to existing requirements. Even if perchloroethylene were regulated as a VOC through the NSR rules, it is unlikely that any dry cleaning operation would be large enough to trigger the VOC offset requirements of the proposed rule. If EPA does not finalize its proposal (see Federal Register notice Vol. 57, No. 207) to exempt perchloroethylene by the time the proposed NSR rule are submitted to the Board for adoption, the District will be required to include perchloroethylene in the definition of VOC and treat it as a VOC.

EMERGENCY EQUIPMENT

118. WRITTEN COMMENT

In the past, there have been problems determining what constitutes an emergency. We request the following wording changes to Rule 20.1 Subsection (c)(14):

"**Emergency Equipment**" means an emission unit used to drive an electrical generator for the exclusive purpose of providing electrical power due to failure of the ~~serving utility~~ electrical service, or a facilities component or to drive a pump for the exclusive purpose of pumping water or other, liquid for extinguishing fires ~~in emergency situations~~ or supplying other essential public services. ~~Maintenance operation shall be limited to no more than 52 hours per year. Emission units used for fire fighting training or not used exclusively for emergency purposes shall not be considered emergency equipment. Additionally, an emergency equipment emission unit whose post-project potential to emit during maintenance operation is equal to or greater than 5 tons per year shall not be considered emergency equipment.~~

DISTRICT RESPONSE

The definition of emergency in the current NSR rules is limited to power outages from the serving utility. The District's proposed definition was not intended to change the existing provisions

except to add emergency water pumps and equipment operated due to Federal Aviation Administration requirements at airports.

The District's proposed definition indicates what constitutes emergency equipment rather than prescribing what constitutes an emergency. This in turn dictates what emissions are to be included and excluded from a stationary source's aggregate potential to emit (see Rules 20.1(d)(1)(ii)(B).

The District has added a definition for "emergency situation" and revised the definition of emergency equipment accordingly. The revised definition includes failure of on-site electrical transmission equipment. However, with regard to the inclusion of "essential public services", the commentor's suggested language would allow all equipment at an essential public service to be classified as emergency equipment. This change is not appropriate. Except for certain cases, emergency equipment should be treated equally for all source categories. One such exception would be at airports were Federal Aviation Administration provisions require the operation of emergency generators during electrical storms, regardless of whether power from the serving utility is interrupted.

119. WRITTEN COMMENT

The following wording should be added to Rule 20.1 Subsection (c)(14):

"Emergency air supply systems at power plants are emergency equipment."

This addition is due to the crucial nature of the air supply system to maintaining the power plant on-line. In addition, the last sentence should be deleted from the definition:

"~~Additionally, an emergency equipment emission unit whose post-project potential to emit during maintenance operation is equal to or greater than five tons per year shall not be considered emergency equipment.~~"

DISTRICT RESPONSE

There have been a significant number of requests to add more equipment to the definition of emergency equipment. The California CAA does not exempt emergency equipment from the no-net-increase nor BACT requirements. Thus, the more equipment that is added that is not required to provide emission offsets or BACT, the higher the offset ratios for those source having to provide offsets would need to be. A balance must be struck between requiring greater emission offsets from fewer sources and exempting sources from the offset provisions. The District believes the proposed definition achieves this balance. Equipment that does not qualify as emergency equipment can be permitted provided it is equipped with BACT and provides emission offsets, as appropriate.

120. WRITTEN COMMENT

Since most emergency equipment are powered by internal combustion engines and are to be limited to less than 52 maintenance hours annually, what are the aggregate emissions from these sources and are they of significance in relation to the aggregate emissions from similar internal combustion engines on mobile sources. We believe that emissions are insignificant in comparison and recommend that emergency equipment be exempted from NSR.

DISTRICT RESPONSE

State law requires that this District's NSR rules accomplish a no-net-increase in emissions for new and modified stationary sources over 10 tons per year, and require BACT for emission units over 10 pounds a day. The District is proposing to add the maintenance emissions to the stationary source's total emissions to ensure that, where appropriate, these routine emissions are offset. Because of this, the District is unable to exempt all emergency equipment. The District has exempted emissions from emergency equipment when they are operating during emergency situations. The aggregate maintenance emissions from currently permitted emergency I/C engines are estimated at over 30 tons per year of NOx. This is not insignificant.

121. WRITTEN COMMENT

The definition for emergency equipment needs to include all equipment used for emergencies. We recommend the facility environmental coordinator identify their emergency equipment and provide to the APCD for approval.

DISTRICT RESPONSE

ARB or EPA would not approve a definition of emergency equipment which depends so heavily on the Air Pollution Control Officer's discretion. The intent of the definition was to clearly define the existing emergency equipment provisions (emergency generators) and to add emergency pumps and operation of emergency generators at airports due to Federal Aviation Administration requirements. It was not intended to open the definition of emergency equipment to all possible equipment which could be considered to be emergency equipment. At the workshop, the District requested a listing and justification of equipment proposed for consideration as emergency equipment for purposes of the NSR rules. Such a list was not provided.

122. WRITTEN COMMENT

The District should exempt all maintenance emissions from emergency equipment from a stationary source's aggregate potential to emit. The District should consider adding emergency equipment to Rule 11. The equipment would still be subject to Rule 50. We recommend that the District exempt engines used for training purposes from the stationary source's aggregate potential to emit and from the BACT requirements if the engines are run less than 52 hours per year. We recommend that the District exempt emergency equipment from the BACT requirements of the rule.

DISTRICT RESPONSE

The District's inclusion of the maintenance emissions in a stationary source's aggregate potential to emit reflects current District practice. Emergency equipment that is required to obtain a permit is subject to the BACT and no-net-increase requirements of the California CAA. It is also not exempt from the federal CAA requirements. Therefore, emergency equipment must meet the requirements of both Acts. The provisions counting only the maintenance emissions towards a stationary source's aggregate emissions were included because they are emissions which can be reasonably quantified and are expected for emergency type equipment. It is impossible to predict what the emissions from this equipment will be during emergency situations since the length and frequency of such situations cannot be anticipated.

RULE INTERPRETATION

123. WRITTEN COMMENT

We recommend that operations at non-major stationary sources not trigger AQIA requirements.

DISTRICT RESPONSE

The proposed AQIA trigger levels are consistent with the existing AQIA provisions. The District must ensure that equipment does not cause or contribute to violations of any ambient air quality standard. The proposed trigger levels are an appropriate balance between the need to make this demonstration and the need for expeditious permitting.

124. WRITTEN COMMENT

The public comment period will increase the permit issuance time line and create greater backlog of permits.

DISTRICT RESPONSE

The public comment period provisions have not been changed from the existing requirements. Since the District is not proposing to change when public notices are done, no additional backlog in permit processing due to those provisions is foreseen. State law provides that permit action must be taken within 180 days after an application has been deemed complete. The public notice period requirements must be conducted within this same 180 day period.

125. WRITTEN COMMENT

The growth, soil and vegetation and visibility impairment analyses will increase workload to process each application.

DISTRICT RESPONSE

These analyses are part of the federal PSD requirements. They are required to be performed by new major sources and major modifications under existing NSR Rule 20.3(c). Since the proposed changes will require these analyses for PSD major sources only, they should not result in an increase in workload or processing time for the great majority of projects. In addition, the District has proposed to increase the PSD major source thresholds. The District cannot waive the requirement that these analyses be performed.

126. WRITTEN COMMENT

Are the following interpretations correct?:

New or modified sources that have an emission increase of five pounds per day or greater need to install BACT. New or modified sources which emit 10 tons per year or more of emissions must provide emission offsets for the emission increase.

If so, what does the District consider to be 10 tons per year of emissions in terms of gasoline throughput at a gasoline dispensing facility? If required to obtain emission offsets, where will they be available for purchase? Is there a community bank or a list of where they could be purchased?

DISTRICT RESPONSE

The proposed rule has been changed since this comment was provided. In summary, the proposed NSR rules stipulate that Best Available Control Technology (BACT) is required for any emission increase from any new or modified emission unit which emits 10 pounds or more per day of any non-attainment air pollutant or its precursors. Thus, any new unit which will emit 10 or more pounds per day is required to be equipped with BACT. Also, if an existing unit has the potential to emit 10 pounds per day or more, or will have such potential after a modification, then any increase is subject to BACT. The commentor's stated interpretation of the offset requirements is correct and still applicable. Stationary sources which have permits allowing the stationary source to emit 10 tons per year or more or any nonattainment pollutant or its precursors must offset any emission increases at the source for such pollutants which are over the 10 tons per year threshold level.

For gasoline dispensing operations, the District utilizes an emission factor of 2.9 lb/1000 gallons of gasoline dispensed to estimate VOC emissions. A gasoline station which can dispense about 6.9 million gallons per year or more would be subject to the offset provisions of the NSR rules, unless they limit their gasoline throughput to a lower level. According to our records, only one gasoline station in San Diego County currently dispenses more than 6 million gallons per year.

A stationary source can create emission reductions by controlling existing equipment on-site or at some other stationary source. If it can be demonstrated that these reductions are actual, permanent, quantifiable, surplus and enforceable, the reductions could be banked and used as emission offsets.

The District maintains a registry of approved Emission Reduction Credits (ERC) which can be used as offsets. The registry may be reviewed at the District's offices. These ERC's can be purchased from the holder, through negotiations conducted directly between the parties.

The District does not at this time have a community bank and therefore has no offsets it can provide for the permitting of projects. The development of such a bank is being considered but the identification of reductions which could be used for such purpose will be difficult.

127. WRITTEN COMMENT

What about addressing a replacement unit, relocated unit and physical changes of the emission unit for escaping the "Modified Emission Unit" category (Rule 20.1(c)(31))? If there is no emission increase, would these situations be addressed as modified emission units?

DISTRICT RESPONSE

Replacement units not specifically exempted by Rule 11, relocated emission units and physical changes are subject to the NSR requirements as modified emission units.

128. WRITTEN COMMENT

Should the "exemption" situations be the same as the "Modified Emission Unit" category?

DISTRICT RESPONSE

All of the items listed as exempt in Rule 20.1(b)(1) (Exemptions) are included in Rule 20.1 (c)(31) (Modified Emission Unit) except the movement of portable equipment. The movement of portable equipment cannot be exempted from NSR requirements because existing portable units will be required to undergo permit review under the proposed NSR rules in order to ensure compliance with the CAA requirements. Conversely, portable units should not be considered modified emission units because once they have undergone review under the proposed NSR rules, considering the units to be "modified" would subject them to rule requirements each time they move.

129. WRITTEN COMMENT

We request that the proposed relocation provisions allow relocations of entire facilities and relocations of individual equipment to be exempt from the offset, BACT and AQIA requirements.

DISTRICT RESPONSE

The District has provided special provisions for relocated equipment. These provisions do not require emission offsets unless there is an emissions increase in the post-project (post-relocation) potential to emit compared to the pre-project (existing location) potential to emit. This requirement is the same as that applied to any other stationary source or emission unit.

With respect to the AQIA requirements, if the relocated emission unit's post-project potential to emit is greater than the AQIA thresholds, an AQIA must be performed at the new site. In terms of local air quality impacts, a relocated emission unit is no different than a new unit. If a new, relocated or modified emission unit exceeds the AQIA trigger levels, there must be a demonstration that the unit will not cause or contribute to a violation of any ambient air quality standards at its new site.

Except as provided for in Rule 11(n), all replacement emission units with a potential to emit 10 pounds per day or more must be equipped with BACT. This same requirement should apply to relocated equipment since the impact on air quality is the same regardless of the type of equipment being installed (new or relocated).

Relocated equipment has an advantage over new equipment in two ways. First, a relocated emission unit would not have to provide emission offsets unless there is an increase in its potential to emit (which would always be the case for new units). Second, it is more cost-effective to design and

install BACT on a new emission unit than it is on an existing relocated unit. Therefore, it is more likely that relocated equipment would "cost-out" of the BACT requirements.

130. WRITTEN COMMENT

We recommend that Rule 20.1 (b)(30)(i) be modified as follows:

"(i) The replacement of an emission unit with a functionally equivalent unit."

DISTRICT RESPONSE

Identical replacement equipment, as defined by Rule 11(n), is exempt from Authority to Construct requirements. Rule 20.1(a) exempts from the NSR provisions equipment and certain modifications which are not subject to permit requirements because of Rule 11. Functionally identical replacements, in so far as they are consistent with Rule 11, are therefore exempt from NSR requirements. No change is necessary to the proposed language.

131. WRITTEN COMMENT

Does Rule 20.1(b)(1) exempt equipment between 50 to 200 hp from having to comply with the NSR rules, provided the equipment has a permit to operate?

DISTRICT RESPONSE

This proposed language exempts from initial permit issuance existing equipment which was exempt from permit requirements due to Rule 11. If Rule 11 is changed and the existing equipment becomes subject to permit requirements, the equipment would not have to undergo NSR review the first time a permit is issued if a permit is requested within one-year from the date a permit is required. Any subsequent modifications, relocation, replacements, movement or any equipment not permitted within one-year after it was required to obtain a permit would be subject to NSR requirements. In addition, any new equipment installed after Rule 11 was changed and which requires an Authority to Construct, is subject to NSR requirements. The proposed wording is similar to the current NSR rules which has never been interpreted as providing a permanent exemption from NSR requirements for the life of once-exempt equipment.

132. WRITTEN COMMENT

It appears that Rule 20.1(c)(29) and (30) contradict each other.

DISTRICT RESPONSE

The District does not see a contradiction between the two definitions. However, clarification has been added to both definitions. The provisions of Subsection (c)(29) indicate what is considered a modified emission unit. The provisions of Subsection (c)(30) indicate what is considered a modified stationary source.

133. WRITTEN COMMENT

Rule 20.1(c)(16), why is the word "reduce" in the definition of an emission unit?

DISTRICT RESPONSE

The word "reduce" is included in this definition to ensure that control equipment is considered an emission unit. This is relevant whether the control equipment results in an emission increase of any air contaminant or not. For example, incinerators are used to reduce VOC emissions but their use can result in an emission increase in combustion air contaminants such as NOx and CO. In these cases the control equipment results in emission increases of pollutants which must be regulated. It should be noted that pursuant to Rule 10(a), an Authority to Construct is required for equipment which can reduce the issuance of air contaminants.

134. WRITTEN COMMENT

Rule 20.1(c)(21), why is the definition of "Fugitive emissions" different from the previous NSR rule? Does this include open processing? How are they characterized?

DISTRICT RESPONSE

The proposed definition has now been changed to reflect the District's current NSR definition. The District does not intend to change its current practice for calculating or otherwise assessing fugitive emissions. The emissions must be quantifiable in order for them to be considered fugitive. See also responses to questions Nos. 31, 85 and 86.

135. WRITTEN COMMENT

Rule 20.1(c)(39): Can "specified period of time" be further defined?

DISTRICT RESPONSE

The definition has been changed to state that permanent means for an unlimited period of time. A definition has now been added for "temporary".

136. WRITTEN COMMENT

Rule 20.1 Subsection (c)(41): What is the purpose of the last statement in the definition? Does the term only refer to projects which have had BACT applied?

DISTRICT RESPONSE

The sentence "The post-project potential to emit reflects an emission unit's potential to emit after the application of best available control technology." has been deleted. A unit's post-project potential to emit is determined for all projects, regardless of whether or not BACT has been applied.

137. WRITTEN COMMENT

Rule 20.1(c)(55): Where are the concentrations measured?

DISTRICT RESPONSE

The concentrations are estimated by the use of approved air quality computer modeling and not typically measured by instruments. If the modeling shows that the highest maximum ground level impact is higher than the significant impact thresholds (specified in the rule) at any location, then there is a significant impact.

138. WRITTEN COMMENT

Rule 20.1(c)(58): What is the definition of California Coastal Waters?

DISTRICT RESPONSE

The definition of California Coastal Waters will be proposed as part of the District's proposed changes to Rule 2, which are currently undergoing internal review. The Rule 2 draft will likely define California Coastal Waters as those waters within three miles of the low mean tide line, unless the District seeks delegation of the federal Outer Continental Shelf rules, in which case the jurisdiction would extend to 25 miles.

139. WRITTEN COMMENT

Rule 20.2 Subsection (d)(4): Will the applicant have immediate access to all public comments and be notified of the beginning of the ten-day period? Why does the applicant have only a ten-day comment versus the public's thirty-day period?

DISTRICT RESPONSE

This provision is contained in the existing NSR rule and has been retained in order to provide applicants with a method of responding to public comments. If the applicant requests to view public comments as soon as the comment period closes, the applicant would be provided with immediate ac-

cess to all public comments. A copy of the public comment period notice is provided to the applicant when it is issued. The applicant is then able to determine when the 30-day public comment period ends and when the applicant's 10-day comment period begins. No further notification is anticipated. An applicant may review comments received during the 30-day comment period.

Neither state nor federal law provide for applicant responses to public comments. However, the District feels that it is important for the applicant to provide input after the general public has had an opportunity to comment, in order to provide additional information or clarification regarding any issues raised. This is particularly important for projects which are under significant public scrutiny. A 10-day response period is an appropriate balance between ensuring a timely permit decision and providing adequate opportunity for applicant response.

140. WRITTEN COMMENT

Rule 20.2(d)(4)(iii): Is the District responsible for the publication of public notice? Will the applicant have input into the process?

DISTRICT RESPONSE

The District must ensure that the notice of the comment period is published. If requested by the applicant during processing, the District would consider allowing the applicant to comment on the draft public notice before publication. However, the District has the final responsibility on what is to be included in the notice.

141. WRITTEN COMMENT

Rule 20.2(d)(5): Why not mention the interpollutant option in the initial paragraph?

DISTRICT RESPONSE

Language referencing paragraph (d)(5)(viii), which provides for interpollutant offsets, has been added to Rule 20.2(d)(5).

142. WRITTEN COMMENT

Add the following to Rule 20.1(c)(3):

"The potential annual emissions found [by] adding the individual source emissions of a facility as limited by enforceable permit conditions and operating constraints."

DISTRICT RESPONSE

Rule 20.1(c)(3) has been modified to incorporate similar language.

143. WRITTEN COMMENT

Add the following to Rule 20.1(c)(12) and Rule 20.1(c)(58):

"If such a (*sic*) contiguous properties are separated by a public highway and have a separate EPA number, those properties shall not be considered a single stationary source"

DISTRICT RESPONSE

The District purposely added wording which states that two or more properties separated solely by a public highway are to be considered a single stationary source. No justification for excluding this wording has been provided. From an air quality standpoint, there is no justification for allowing sources to separate their operations by moving across the street and avoiding rule requirements. The proposed definition of stationary source is very similar to that which is currently in use by the District. The major change being proposed is to prohibit the addition of a third party stationary source within a larger stationary source, such as cogeneration facilities at large sources. Finally, it is not clear what is meant by "a separate EPA number". The District intends to retain the proposed language.

144. WRITTEN COMMENT

Non-criteria pollutants may require a more stringent standard than 1 $\mu g/m^3$ depending on their unit risk factor or non-cancer acceptable exposure level. Perhaps there should be maximum allowable carcinogenic risk, cancer burden or acute and chronic health hazard index criteria.

DISTRICT RESPONSE

The non-criteria pollutant requirements contained in the proposed rule reflect EPA's PSD provisions. The current and proposed NSR rules are not intended to regulate toxic air contaminants. Toxic air contaminant requirements are handled through nuisance rules and other prohibitory rules. The District intends to develop a toxics new source review rule. The criteria to be used to limit hazardous air pollutant emissions would be determined at that time.

145. WRITTEN COMMENT

Since the proposed amendments do not apply to current operations, the County will not be required to apply for permits for its currently operating landfills. Nor, however, will these operations be credited in the basin's baseline for particulate or other pollutants. This policy is unwise.

DISTRICT RESPONSE

The proposed modifications do not affect any of the requirements to obtain a permit from the District. Rule 11 specifies equipment which is exempt from permit requirements. Since landfill operations are not specifically exempt by Rule 11, permits are required for their operation, even if they currently exist. New and modified landfill operations are required to undergo NSR review since they are not exempt by Rule 11 from permit requirements. If control equipment is installed pursuant to Rule 59, a permit is required for that modification and it must undergo NSR review.

It is unclear what is meant by the statement that landfill operations will not "be credited in the basin's baseline". Landfill emissions, to the extent they are toxic or criteria emissions, are already counted in both criteria pollutant and toxic air contaminant emission inventories.

146. WRITTEN COMMENT

Rule 20.1(c)(58): What is the intent with the word "related"? Will this be equal to the existing Rule 20.1: raw material, similar product or function?

DISTRICT RESPONSE

Related emission unit is defined in Rule 20.1(c)(51). The definition includes units which have a common raw material, similar product or function, but also adds other equipment such as third party cogeneration units located at stationary sources.

147. WRITTEN COMMENT

How does the proposed stationary source definition address contractor owned and operated emission units used on a Navy facility?

DISTRICT RESPONSE

The effect will depend on what type of equipment is being addressed. For portable emission units, the equipment would not be considered part of the stationary source in determining the amount of emission offsets required for other projects occurring at the stationary source. Proposed Rule 20.4 contains the requirements for portable emission units.

If the equipment does not qualify as portable, the contractor owned equipment would likely have to be permitted as if it were "permanent" or "non-portable". It would therefore be included in the stationary source's aggregate potential to emit and emission offsets would be required. It is possible this type of equipment could be permitted at the site as a relocated emission unit. If there is

no change in the emission unit's potential to emit from a previous location within San Diego County, no offsets would be required.

148. WRITTEN COMMENT

Rule 20.1(d)(2)(i): In lieu of calculating emissions on an hourly, daily and yearly basis, could the calculations be based on a daily basis averaged over the most representative two consecutive years?

DISTRICT RESPONSE

The calculations are required to be performed on an hourly, daily and yearly basis because rule requirements are triggered by hourly, daily and yearly emission thresholds. The AQIA provisions are based on hourly and daily emissions, BACT triggers are based on maximum daily emissions and offsets are based on maximum yearly emissions.

149. WRITTEN COMMENT

Violations of non-permitted equipment would require emission units to be shut-down until NSR is completed. We recommend leaving the facility on line, providing a specified time to acquire a new permit.

DISTRICT RESPONSE

Equipment operated in violation of District rules and regulations or installed and operated without first obtaining a permit cannot continue to operate except as may be provided for by a Hearing Board variance. The District cannot grant a variance from the requirement to comply with District rules and regulations.

150. WRITTEN COMMENT

The elimination of the 1979 exemption will vastly increase the stationary source's bubble. We recommend that outside contractors working on a consistent basis be separate stationary sources. Eliminating the 1979 exemption will require the Navy to split into as many reasonable stationary sources as possible.

DISTRICT RESPONSE

The California Clean Air Act requires that sources having permitted emissions greater than 10 tons per year provide emission offsets for all increases. The Act does not provide for "grandfathering" of emissions from any date. Elimination of the 1979 cut-off contained in the existing rule is a result of that requirement. Contractors working at a stationary source cannot be considered to be a separate stationary source because the District's definition of stationary source is based on the federal and state definitions of stationary source. In so far as it can be demonstrated that a contractor operating at a stationary source and the stationary source are separate sources, as defined in the proposed rule, they would be considered as such.

151. WRITTEN COMMENT

Does Rule 20.2 apply to facilities which emit less than 10 tons per year?

DISTRICT RESPONSE

Rule 20.2 applies to stationary sources which emit less than 10 tons per year. If a source emits less than 10 tons per year, only the BACT (and possibly AQIA) provisions apply to the source. The emission offset requirements would not apply.

NEW SOURCE REVIEW (NSR)
RULES 20.1, 20.2, 20.3 AND 20.4

FEDERAL ENVIRONMENTAL PROTECTION AGENCY (EPA) WRITTEN COMMENTS

CHANGES REQUIRED TO MEET FEDERAL STATUTORY REQUIREMENTS

1. **WRITTEN COMMENT**
Rule 20.1(b)(4) is not approvable for the following reasons:

   a. This provision references Rule 69, which is not currently part of the District's Rules and Regulations. This provision must be removed until Rule 69 is adopted.

   b. A facility that proposes NOx emission increases which are not *de minimis* must obtain external offsets at a 1.3:1 ratio as required by Section 182(d) of the Federal Clean Air Act of 1990. A state or local agency cannot waive this offset requirement. (underline original)

DISTRICT RESPONSE

   a. The District anticipates that Rule 69 will be adopted by the District Board before the proposed NSR rules are adopted. In part, the timing of the adoption of Rule 69 depends on resolution of Item b. of EPA's comments.

   b. The proposed Rule 69 and NSR offset exemption will result in lower NOx emissions than if federal RACT were applied and 1.3:1.0 external offsets were required. The District is corresponding directly with EPA, Region IX to resolve this issue.

2. **WRITTEN COMMENT**
Rule 20.1(c)(5), Table 20.1-2 (Air Quality Increments for Class II areas), must be revised to include a 3-hour SO_2 increment.

DISTRICT RESPONSE
The 3-hour SO_2 increment has been added to Table 20.1-2.

3. **WRITTEN COMMENT**
The definition of "Baseline Concentration", Rule 20.1(c)(7), must specify that this concentration includes:

   a. the applicable emissions representative of sources in existence on the applicable baseline date, and

   b. the allowable emissions of sources that commenced construction but were not in operation by the applicable baseline date, as specified by 40 CFR §52.21(b)(13).

These conditions clarify what the baseline concentration includes and that this concentration is obtained through modeling, If not included in this definition, these conditions must be made clear elsewhere in the regulation.

DISTRICT RESPONSE
Wording clarifying Rule 20.1(c)(7), as recommended, has been added.

4. WRITTEN COMMENT

Rule 20.1(c)(9), Best Available Control Technology (BACT), cannot be approved for sources emitting nonattainment area pollutants above the federal *de minimis* levels. This proposed definition is inconsistent with the federal definition of Lowest Achievable Emission Rate (LAER - 40 CFR §51.165(a)(1)(xiii)), which must be applied, at a minimum, to major sources or major modifications located in federal nonattainment areas. EPA particularly objects to cost-effectiveness being included in a BACT definition [as applicable to major sources]. Cost-effectiveness can be considered in a BACT determination for attainment pollutants but cannot be considered in a LAER determination.

DISTRICT RESPONSE

A new definition for LAER, consistent with federal requirements, has been added. The cost-effectiveness criteria for new major sources and major modifications has been deleted.

5. WRITTEN COMMENT

Rule 20.1(c)(21), Fugitive Emissions, cannot be approved as written. "Fugitive emissions" are those emissions which could not reasonably pass through a stack, chimney, vent, or other functionally equivalent opening [see 40 CFR §51.165(a)(1)(ix) and §52.21(b)(20)]. Currently, Rule 20.1(c)(21) could allow a source to argue that all uncontrolled emissions are fugitives if these emissions do not pass through a stack or other similar opening. Thus, a source could avoid NSR permit review by not installing capture hoods or other similar types of control devices.

DISTRICT RESPONSE

Rule 20.1(c)(21) has been changed as recommended. It should be noted that the District's calculation methodology includes fugitive emissions when determining a source's emissions. Thus, for purposes of NSR and PSD, fugitive emissions are treated the same as stack emissions. Federal requirements are less stringent in this regard since they allow for the exclusion of fugitive emissions under certain situations.

6. WRITTEN COMMENT

Rule 20.1(c)(35), Non-Criteria Pollutant Emissions Significance Level, must include the significance levels for fluorides and municipal waste combustor acid gases, metals, and organics as defined by 40 CFR §52.21(b)(23). The regulation of these pollutants was not superseded by the 1990 CAA Amendments. In addition, 40 CFR §52.21(b)(23) specifies that any emission rate of a pollutant regulated by the Act that is not listed in this section is significant. While Title III of the Amendments excluded most hazardous air pollutants from this requirement, the following pollutants, which are not listed in Rule 20.1, are still subject to federal PSD review and permitting requirements: CFC's 11, 12, 112, 114, 115 and halons 1211, 1301 and 2402. While these compounds may not be considered reactive hydrocarbons, they are still non-criteria pollutants subject to review under PSD. For further discussion of this issue, please see the EPA "New Source Review Transitional Guidance" (March 11, 1991).

DISTRICT RESPONSE

The listed pollutants have been added to Rule 20.1(c)(35). Clarification has been added to Rule 20.3 to indicate the specific PSD provisions which apply for these pollutants. However, CFC and halon compounds, while considered stratospheric ozone depleters, are generally not toxic nor are they tropospheric ozone precursors. It is not clear what, if any, meaningful impact analyses of these compounds can be performed on a project basis. EPA should provide guidance on the analyses required.

7. WRITTEN COMMENT

The definition of "permanent" given by Rule 20.1(c)(39) is broader than that allowed by the Federal Emissions Trading Policy and may not meet reasonable further progress requirements.

"Permanent" should not be redefined as "limited in duration". Such emissions are temporary regardless of whether they are enforceable.

DISTRICT RESPONSE

The language has been changed. Permanent offsets must be of unlimited duration. A definition of temporary offsets has been added to make it clear that temporary offsets can only be used for temporary emission increases. The District's intent in including "limited in duration" was to allow temporary offsets to be used to offset temporary emission increases. The District believes that temporary offsets will likely be important for the temporary permitting of portable equipment at stationary sources.

8. WRITTEN COMMENT

The definition of "stationary source" in Rule 20.1(c)(58) should include the aggregation of emission units under common ownership or control on "adjacent", as well as, contiguous properties. In addition, the District's rule needs to clearly define what are "related" emission units.

DISTRICT RESPONSE

The District has discussed this issue with the EPA and has reached agreement that a language change is not needed. The District believes that use of the term "adjacent" is ambiguous. The dictionary defines adjacent as "near or close". If one defines "near or close" as "separated solely by a public or private roadway or other public or private right-of-way", it has been included in the definition of "contiguous property". Unless some specific definition of "adjacent" is provided (such as a specific geographical distance), it is unclear how properties could be determined to be "adjacent". Proposed Rule 20.1 contains a definition of related emission units, see Rule 20.1(c).

9. WRITTEN COMMENT

The definitions of emission increases and decreases given by Rule 20.1(d)(3) - (4) are not consistent with those required by 40 CFR §51.165 and §52.21. The federal definition of net emissions increase is "an actual emissions change from a particular physical change or change in the method of operation" as opposed to a change in potential emissions.

In addition, the District's rule must include the additional "net emissions" requirements specified by 40 CFR §51.165 and §52.21, such as the provision of §52.21(b)(3) that a creditable emission decrease be "federally enforceable at and after the time that actual construction on the particular change begins".

DISTRICT RESPONSE

The District proposes to use actual historic emissions for initial permitting of sources subject to PSD. Thereafter, potential to emit would by used. For non-PSD but still federal major sources, the District's proposed method for determining an emission increase is consistent with that of other California air districts and ARB guidance. The District will retain this methodology until this issue can be resolved with EPA on a statewide basis. Rule 20.1(d)(5)(iii) contains language which requires that emission reductions be in place and enforceable at the time of startup. This condition is the same as that contained in the existing NSR rules.

10. WRITTEN COMMENT

Rule 20.3 must be modified to require that BACT be applied to facilities that have significant emissions of lead, as required by 40 CFR §52.21.

DISTRICT RESPONSE

The rule has been changed to specify that BACT is required for lead emissions at sources which have significant emissions of lead.

11. WRITTEN COMMENT

Rule 20.3(d)(3), Prevention of Significant Deterioration, must require that an air quality impact analysis, including both national ambient air quality standards (NAAQS) and increment analysis, be performed for the aggregate emissions of the entire new major source or major modification, not simply an individual emissions unit that is above the PSD *de minimus* levels.

In addition, 40 CFR §52.21 requires that all estimates of ambient concentration be based on the applicable air quality models, data bases, and other requirements specified in the EPA "Guideline of Air Quality Models (revised)". Any modifications or substitutions require written approval of the Administrator and must be subject to notice and comment procedures.

Finally, the AQIA requires at least one-year of preconstruction monitoring data which adheres to quality control guidelines as specified by 40 CFR §52.21. The District's regulations must contain or reference the modeling and monitoring requirements of 40 CFR §52.21 or equivalent District guidance approved by EPA.

DISTRICT RESPONSE

The District has modified the PSD provisions to use a five year contemporaneous emission calculation method for determining PSD applicability. The proposed definition of "modeling" contained in Rule 20.1 indicates that applicable federal guidelines be followed when performing modeling. The proposed rule has been changed to incorporate the specified preconstruction monitoring requirement provisions.

12. WRITTEN COMMENT

Rule 20.3(d)(5)(i), Table 20.3-2 (VOC and NOx Offset ratio) does not meet minimum federal offset requirements. All NOx and VOC major sources or major modifications ($\geq$ 25 tpy) must offset at a 1.3:1 minimum ratio. In addition, since the federal *de minimus* rule applies to severe ozone nonattainment areas (CAA §182(c)(6)), NOx or VOC emission increases of less than 25 tpy also have to be offset at a 1.3:1 ratio if the five-year contemporaneous emission changes for the source result in an emission increase of 25 tons or more.

DISTRICT RESPONSE

The rule has been changed to require a 1.3 to 1.0 offset ratio for VOC and NOx for new federal major sources and federal major modifications as defined in the proposed rule. It should be noted that the District requires emission offsets for all emission increases at sources greater than 10 tons per year, regardless of the contemporaneous emission changes for the source. With regards to emission offsets, the proposed rule is more stringent than federal requirements, but only as necessary to meet California Clean Air Act requirements.

13. WRITTEN COMMENT

Rule 20.3(d)(5)(iii)(B) cannot be approved as written. New or modified stationary sources which emit greater than or equal to 100 tpy of CO must offset potential emission increases.

DISTRICT RESPONSE

The proposed provisions regarding the ability to model out of the offset requirements for CO increases are contained in the District's existing NSR rules. The proposed provisions for CO do not constitute a change from the existing regulations, which were acceptable to EPA.

Further, the District is in the process of requesting reclassification to a federal CO attainment area. The District is going forward with the proposed NSR rules with the assumption that reclassification to a CO attainment area will occur in the near future. Assuming that the air basin is reclassified as a CO attainment area, CO emission offsets would not be required by the federal CAA

for purposes of NSR. If the air basin is not designated a CO attainment area, the District will reconsider the requirements for CO offsets.

14. WRITTEN COMMENT

Rule 20.3(d)(5)(v)(A) cannot be approved for sources which emit 25 tpy or more. This type of offset exemption is only allowable in extreme ozone nonattainment areas (See CAA §182(e)(2)).

DISTRICT RESPONSE

The District has deleted the cited provision from Rule 20.3.

15. WRITTEN COMMENT

§173(a) of the CAA requires that the owner or operator of a new or modified major stationary source demonstrate that all other major stationary sources owned or operated by such person in the state are subject to emission limits and are in compliance, or on a schedule for compliance, with all applicable emission limits and standards. The proposed District NSR rules does not contain this requirement.

DISTRICT RESPONSE

Wording consistent with Title 1 §173(a) of the Federal CAA has been added to proposed Rule 20.3(e)(1).

16. WRITTEN COMMENT

Rule 20.1(b)(1), Exemptions, references Rule 11, another more generic District exemption rule. We are concerned about these NSR exemption provisions because the federal *de minimus* rule applicable to severe ozone nonattainment areas may require modifications as small as 1 tpy to undergo major source NSR. Also, all net emission increases within the contemporaneous five-year period must be considered when determining whether a proposed emission change is *de minimus*. The District should not ignore certain net NOx and VOC emission changes which are "exempted" by District rules.

DISTRICT RESPONSE

The District's Rule 11 has been used for many years to define permit requirements. For VOC sources, it generally exempts sources below five pounds per day which would be less than one ton per year. It is unrealistic for EPA to suggest that all equipment/changes be considered when looking at contemporaneous emission changes. This is inconsistent with the goals of streamlining permit procedures and making air pollution control programs more effective and less burdensome. For example, all such equipment changes (e.g. adding a solvent dispenser for minor wipe cleaning) would become subject to Title V permitting and recordkeeping requirements. The District disagrees that this is required or necessary. The District's permit program is similar to those of other California air districts and of other states. Further, many sources required by the District to have permits, and thus are subject to NSR, are exempt from permits by other states. If EPA is proposing that no equipment at major sources should be exempt from permits, EPA must ensure that such a requirement is applied and enforced uniformly nationwide.

17. WRITTEN COMMENT

The District NSR rule must contain alternative siting and benefits analysis provisions pursuant to CAA §173(a)(5). This requirement may be satisfied by an Environmental Impact Report completed for another statute, such as the California Environmental Quality Act (CEQA) or the National Environmental Policy Act (NEPA).

DISTRICT RESPONSE

Wording consistent with this comment has been added to proposed Rule 20.3(e)(2).

18. WRITTEN COMMENT

The District NSR rule must specifically provide that control technology information from major source (or major modification) permits be promptly submitted to the EPA RACT/BACT/LAER Clearinghouse. This is a new requirement of the 1990 CAA Amendments and is set forth in §173(d) of the CAA.

DISTRICT RESPONSE

The California Air Resources Board (ARB) compiles a listing of BACT and LAER determinations made in the state. The District periodically submits its BACT and LAER determinations to the ARB in accordance with EPA 105 Grant requirements. The ARB forwards these determinations to the EPA. The District believes this satisfies Title 1 §173(d) of the federal CAA, and duplicate submittals are unnecessary. There is no need to include such provisions in the District's NSR regulations.

RECOMMENDATIONS FOR RULE STRENGTHENING AND OTHER GENERAL COMMENTS

19. WRITTEN COMMENT

EPA requests clarification as to the necessity of the phrase "under one permit" included in the definition of "Emission Unit", Rule 20.1(c)(16). This phrase implies that if equipment is not listed on a permit, or is inadvertently left off, the equipment would not be considered an emissions unit. EPA recommends that this phrase be removed from or clarified in the definition.

DISTRICT RESPONSE

The term "under one permit" of the cited definition refers to the grouping of related equipment for purposes of NSR. Rule 10 together with Rule 11 dictate what equipment is required to obtain a permit to operate. If equipment is required to have a permit, it is subject to the NSR provisions if it is new or modified. Given that the proposed NSR rules require that any emission increase for which the source is major be offset and that BACT or LAER apply to any increase from a unit which has the potential to emit 10 pounds per day or more, the actual grouping of units is generally not very significant. If equipment is inadvertently left off or not listed in a certain permit, but included in another permit, it would not have a significant effect since it would still be subject to NSR requirements. Once the oversight was discovered, compliance with NSR requirements would have to be demonstrated, regardless of whether or not it is on a certain permit.

20. WRITTEN COMMENT

The definition of "Modified Stationary Source", Rule 20.1(c)(30) does not specify that the replacement emission unit cannot result in an increase in the potential emissions of that unit; rather it only specifies it cannot result in an increase of any other emission unit. As written, this definition appears to be a broader exemption than is allowed under federal regulations.

DISTRICT RESPONSE

Using the proposed emission calculation procedures, if a replacement unit located at a major stationary source results in an increase in that unit's potential to emit, emission offsets at a 1.3 to 1 ratio (for NOx and VOC) and LAER are required. The offset and LAER requirements in this example apply regardless of any contemporaneous emission increases or decreases at the stationary source. The District is proposing to change its approach by triggering rule provisions on an emission unit by emission unit basis. The stationary source aggregate emissions will indicate only if the source is "major" for purposes of NSR and PSD and whether the major source NSR provisions or the PSD major source provisions apply. Because of this, the definition of "modified stationary source" is treated slightly differently than is currently the case. Nevertheless, for the case cited, if the replace-

ment unit's potential to emit increases, emission offsets are required even though the stationary source would not be considered to have been "modified" per Rule 20.1(c)(30).

21. WRITTEN COMMENT

Rule 20.1(d)(1)(i), "Calculation of Potential to Emit", should be based on the maximum "operating capacity" as opposed to "other operating conditions"; this latter being somewhat vague.

DISTRICT RESPONSE

This definition is intended to allow for operating conditions other than the maximum operating capacity to be used to limit the potential to emit. For example, if the applicant for a 50 MMBtu/hr steam generator wants to limit the maximum potential to emit to that corresponding to 30 MMBtu/hr, the applicant would have that ability provided such a limit is enforceable through permit conditions. The language "maximum operating capacity" would require the use of 50 MMBtu/hr. The District intends to retain the proposed definition.

22. WRITTEN COMMENT

Section 7 of the Endangered Species Act requires that the U.S. Fish and Wildlife Service (FWS) be notified of any PSD permit action. The District must have a requirement in the PSD rule that a permit applicant notify FWS or have language in the EPA-District PSD delegation agreement that the District notify FWS or EPA of the proposed PSD permit.

DISTRICT RESPONSE

A requirement to notify the U.S. FWS has been added to the PSD provisions of Rule 20.3.

23. WRITTEN COMMENT

EPA has two general comments about the "enforceability" of permits and permit conditions:

a. Rule 20.1(c)(18) defines "enforceable" as meaning enforced by the District, CARB or EPA either through SIP revisions or by inclusion of conditions on a permit. The District should define a permit as being an Authority to Construct (A/C) permit. Until the District's Title V operating permits program has been approved by EPA, District operating permits are not federally enforceable. EPA considers the A/C permit to be in force for the life of the permitted units.

b. Rule 20.1(d)(1)(i)(A) states that specific limiting conditions contained in A/C or operating permits which restrict emissions shall be used to calculate the potential to emit. EPA does not consider limitations in District operating permits as restricting potential to emit unless these same conditions are also in the A/C permit.

DISTRICT RESPONSE

The District issues an A/C prior to or concurrent with all Permit to Operate actions. It is not anticipated that any Permits to Operate for any major sources will be modified without issuance of an A/C. In addition, it is the District's practice to include limiting conditions in the A/C as well as the Permit to Operate. This should address EPA's concern.

24. WRITTEN COMMENT

Tables 20.1-9 and 20.1-10 define PSD major modifications and major sources. EPA requests clarification as to why the major source trigger level for NOx and VOC is 25 tpy cumulative emissions while the major modification trigger level is 40 tpy per emissions unit. These definitions and the corresponding section of Rule 20.3 must be clarified to ensure compliance with the requirements of 40 CFR §52.21.

DISTRICT RESPONSE

The trigger levels contained in Tables 20.1-9 and 20.1-10 were in error. The PSD trigger levels have been changed to reflect the current federal PSD trigger levels.

25. WRITTEN COMMENT

Unless stated elsewhere in the District regulations, Rule 20.1 or 20.3 should specify that an Authority to Construct expires if construction is discontinued for a period of 18 months or more.

DISTRICT RESPONSE

A provision has been added to Rule 20.3(d)(3)(vii) including the requirements of 40 CFR 52.21(r).

26. WRITTEN COMMENT

Deleting the existing PSD rules and proposing new rules will affect the EPA-District PSD delegation agreement. The District must show that the new rules have incorporated all the requirements of the existing PSD rules while still meeting all the requirements of 40 CFR §52.21; otherwise, the delegation agreement is no longer valid. In addition, the District needs to request that the delegation agreement be amended to incorporate the proposed changes to the District's PSD requirements.

DISTRICT RESPONSE

The District has compared the proposed PSD provisions with the federal PSD requirements and believes that the proposed rules meet or exceed all existing federal PSD provisions. By addressing all of the comments provided by EPA on the PSD portions of the rule, the District will assume that the proposal meets all of the federal PSD requirements. The District will request that the delegation agreement be amended to incorporate the proposed changes when such changes are adopted by the Air Pollution Control Board.

27. WRITTEN COMMENT

The following wording changes are recommended to correct grammatical errors or to improve the clarity of the rules:

a. Rule 20.1 (b)(2) - Could be reworded as follows: "The following changes, unless previously limited by permit conditions, provided that such changes do not result in an increase in the potential to emit of any air contaminant including those not previously emitted."

b. Rule 20.1(c)(9) - The phrase "of any" should be deleted. It implies that an applicant may choose one of the options i - iv and then apply the most stringent of that option, rather than apply the most stringent control after considering all options.

c. The Park Service and Forest Service as referenced in the definition of "Federal Land Manager", Rule 20.1(c)(20), should be more accurately referred to as the National Park Service and the U.S. Forest Service. This will also distinguish these agencies from their state counterparts.

d. Rule 20.1(c)(25) - "The owner or operator of" should be inserted before "an emissions unit." A permit is issued to an owner/operator, not to an emission unit.

e. Rule 20.1 (d)(2)(i) - "... two consecutive year period..." can be simply stated as "... two consecutive years..."

f. Rule 20.3 (d)(1)(ii) - Replace "... which emission unit..." with "that".

g. Rule 20.3 (d)(1)(iv) - Delete the term "first" or provide a subsequent action/requirement.

h. Rule 20.3 (d)(3)(i)(B) - Insert "area" after "Class I."

DISTRICT RESPONSE

a. The wording has been changed as suggested.

b. The wording has been changed as suggested.

c. The wording has been changed as suggested.

d. The wording has been changed as suggested.

e. The wording has been changed as suggested.

f. The wording has been changed as suggested.

g. This wording has been deleted. Portable equipment will be regulated under new Rule 20.4. Such equipment, if to be located at a federal major source, must first apply BACT and provide emission offsets (for VOC and NOx) at a 1.3:1.0 ratio.

h. The wording has been changed as suggested.

NEW SOURCE REVIEW (NSR)
RULES 20.1, 20.2, 20.3 AND 20.4

AIR RESOURCES BOARD WRITTEN COMMENTS

CRITICAL ISSUES

1. **WRITTEN COMMENT**

Rule 20.1(b)(4). Rule 69 is not currently a part of the District's rules and regulations and should not be referenced until Rule 69 is adopted. The District is required by the California CAA to have a permitting program designed to achieve no-net-increase in emissions of nonattainment pollutants or their precursors from all permitted new or modified stationary sources. It is unclear how this no-net-increase requirement will be met if exemptions from offsets are allowed. We believe that any potential conflicts with the California CAA requirements should be addressed in the development of Rule 69.

DISTRICT RESPONSE

The District anticipates that Rule 69 will be adopted by the District Board before the proposed NSR rules are adopted. The annual emissions caps proposed in Rule 69 will ensure real emission reductions and will allow SDG&E, the only utility subject to the cap, to internally offset potential emission increases. These internal offsets will, in essence, occur at the 1.0 to 1.0 ratio required by the California CAA.

2. **WRITTEN COMMENT**

Rule 20.1(c)(9). We support the District's effort to use one definition of Best Available Control Technology (BACT) instead of utilizing both BACT and Lowest Achievable Emission Rate (LAER), as most districts in California have done. However, if it is the District's intent to make BACT comparable to LAER, the BACT definition must be revised.

The proposed definition is inconsistent with the federal definition of LAER, primarily due to cost-effectiveness considerations. We recommend that the cost-effectiveness considerations be removed from the definition of BACT.

DISTRICT RESPONSE

A separate definition for LAER has been added to Rule 20.1. The cost-effectiveness criteria for new major sources and major modifications has been deleted from the new definition of LAER.

3. **WRITTEN COMMENT**

Rule 20.2(d)(1)(i). As proposed, BACT is required on any new or modified emission unit which results in an emission increase of 5 pounds per day or more. The CCAA requires the District's permit program to "require the use of BACT for any new or modified stationary source which has the potential to emit 10 pounds per day or more of any nonattainment pollutants or its precursors."

This proposal does not satisfy the CCAA requirements because it is not based upon the potential to emit of the stationary source. We recommend the District modify this rule to reflect a two step process. First, the BACT requirement should be made applicable to new and modified stationary sources which have the potential to emit 5 pounds per day (or 10 pounds per day if the District chooses) or more of any nonattainment pollutant or its precursor. Secondly, if BACT is required for the stationary source, BACT is applied to any new emission unit and to any modified emission unit proposing an emission increase.

DISTRICT RESPONSE

Since this comment was made, the requirements of the California CAA have been clarified and it has been agreed that the District's proposal to trigger BACT by emission increases from emission units which emit 10 pounds per day or more is appropriate. Accordingly, the District is retaining the proposed unit emissions increase approach but revising the BACT threshold from 5 to 10 pounds per day.

4. WRITTEN COMMENT

Rule 20.2 (d)(5)(iv)(B). This section allows the Air Pollution Control Officer to provide relief from offset requirements to an essential public service if it is unable to obtain sufficient offsets despite all reasonable efforts. This is acceptable only if the District provides the remaining required offsets from a District community bank, or mitigates the emission increases associated with this exemption by some other mechanism. We do not believe the offset requirement can simply be waived as proposed. Our concern is the same as indicated in item #1. It is unclear how the CCAA no-net-increase requirement will be met if offsets are not provided.

DISTRICT RESPONSE

The provision of the proposed rule has been changed to specify that if the Air Pollution Control Officer (APCO) is to waive the offsets requirements for essential public services, such offsets must be provided from a community bank or the APCO must demonstrate that the District's permitting program (e.g. NSR rules) is meeting the no-net-increase provisions of the California CAA at the time of permit issuance.

RULE IMPROVEMENT ISSUES

5. WRITTEN COMMENT

Rule 20.1(b)(2)(i). We recommend that the term "repair or routine maintenance" of an emission unit be defined to avoid possible misinterpretation. As an alternative to defining the term, the District should consider defining "reconstruction" and indicate this section of the rule does not apply to reconstruction projects.

DISTRICT RESPONSE

The provisions of proposed Rule 20.1(b)(2)(i) are essentially identical to those contained in the District's current NSR rules. The District is unaware of any problems with the definition. Defining this term would limit the amount of flexibility the District has in determining what repair or routine maintenance would be. The District will consider defining the term at a later date should it be necessary.

6. WRITTEN COMMENT

Rule 20.1(d)(2)(i)(B). This section describes the time period considered when calculating actual emissions from an existing emission unit which has not operated for a consecutive two-year period within the last five years. We do not believe it is appropriate to consider as little as six months within the past five years as representative. We suggest this section only apply to currently operating emissions units which have been operating less than two years.

DISTRICT RESPONSE

Rule 20.1(d)(2)(i)(B) has been changed such that the six-month period provision applies only to emission units which have been operated less than a total of two years. This was the District's original intent.

7. WRITTEN COMMENT

Rule 20.1(d)(5)(iv). This section requires emission offsets be provided on a ton per year basis. We believe emissions calculations and offset requirements should be based on calendar quarters. The benefit of using quarterly periods is that seasonal impacts of nonattainment pollutants would be considered and thus further protect air quality.

The problem with using longer time periods is that it is not as protective of air quality in that a source would actually provide less mitigation for the same operation, and could increase emissions during peak nonattainment periods using reductions achieved during non-peak periods. At a minimum, the District must protect air quality during the peak nonattainment periods and should, therefore, calculate emissions and offset requirements on at least a quarterly basis. The use of quarterly averaging periods is also recommended by the CAPCOA (California Air Pollution Control Officer's Association) NSR Task Force.

DISTRICT RESPONSE

The District's experience indicates that most permit sources in San Diego County do not operate on a seasonal basis. Because seasonal sources are the exception rather than the rule, changing the calculation methodology will complicate the calculation methods with no commensurate air quality benefit. In the interest of simplifying the calculation methods for purposes of permit streamlining, the District will not propose a change at this time. However, should the District determine that seasonal sources do become a significant concern, this provision will be reconsidered.

8. WRITTEN COMMENT

Rule 20.2(d)(4). As proposed, public notice is only required if a project requires an air quality impact analysis (AQIA). We do not believe it appropriate to public notice only those projects requiring an AQIA. The AQIA trigger levels are quite high (600 lb/day for NOx and SOx) and there is no trigger for increases of VOC's. Public noticing requirements have been addressed by the CAPCOA NSR Task Force. The following thresholds were suggested as reasonable by the NSR Task Force and should be used for consistency by the District: 100 lb/day for NOx, SOx and VOC; 80 lb/day for PM_{10} and 550 lb/day for CO.

DISTRICT RESPONSE

The District has added daily AQIA trigger levels based on the CAPCOA NSR Task Force recommendations. These levels will also trigger the public notification requirements.

AIR POLLUTION CONTROL DISTRICT
COUNTY OF SAN DIEGO

January 7, 1994

TO: New Source Review Workshop Participants

FROM: Richard J. Smith
Deputy Director

REVISED NEW SOURCE REVIEW RULE, WORKSHOP REPORT AND SOCIOECONOMIC IMPACT ASSESSMENT

Enclosed for your review are copies of the proposed changes to the New Source Review rules that resulted from the September 1, 1993 workshop, the workshop report and the Socioeconomic Impact Assessment. Changes to the proposed rules resulting from the September workshop are shown in underline/strike format and are described in the workshop report.

Please note that the data necessary to conduct a quantitative Socioeconomic Impact Assessment does not exist for San Diego county and was estimated to cost $170,000 to generate. Since this cost would be recovered through permit fees and the New Source Review rule amendments would need to be adopted pursuant to state and federal law, regardless of the projected socioeconomic impacts, the District met with representatives of affected businesses to discuss a course of action. Since state law requires a Socioeconomic Impact Assessment only to the extent data is available, it was decided that a qualitative rather than quantitative Socioeconomic Impact Assessment would be conducted. This qualitative assessment was prepared by the District and is enclosed.

District staff will be available to discuss the rule changes, workshop report and the Socioeconomic Impact Assessment as follows:

DATE: Monday - January 24, 1994

TIME: 8:30 am to 12:00 noon

PLACE: Mental Health Services
San Diego Room
3851 Rosecrans Street
San Diego CA

If you have any questions, please call Alberto Abreu at (619) 694-3310, Mike Lake at 694-3313, or me at 694-3303.

Richard J. Smith

RICHARD J. SMITH
Deputy Director

RJSm:ndi

Enclosure

AIR POLLUTION CONTROL DISTRICT

NEW SOURCE REVIEW (NSR)
RULES 20.1, 20.2, 20.3 AND 20.4

SECOND WORKSHOP REPORT

A workshop notice was mailed to each company holding a District permit. Notices were also mailed to the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (ARB) and other interested parties.

The second workshop was held on September 1, 1993 and was attended by 93 people. Written comments were also received. The following are all comments received and District responses. When written comments were submitted by a person that reflect comments made by that person at the workshop, only the written comment is included.

1. **WORKSHOP COMMENT**
The term "potential to emit" used in Rule 20.1(b)(2) should be retained.

DISTRICT RESPONSE
The District agrees and will revise Rule 20.1(b)(2) accordingly.

2. **WORKSHOP COMMENT**
Rule 20.1(b) should be revised to include grandfathering provisions for federal major source projects that have been grandfathered under the federal program.

DISTRICT RESPONSE
This is similar to written comment #126 and will be addressed in the response to that comment.

3. **WORKSHOP COMMENT**
Pending major source projects for which applications are deemed complete as of the date of adoption of the New Source Review (NSR) rule revisions should be evaluated under the current NSR rule. The District should advise applicants for such projects what they also need to do to meet federal requirements that are not contained in the current NSR rules.

DISTRICT RESPONSE
This is similar to written comment #126 and will be addressed in the response to that comment.

4. **WORKSHOP COMMENT**
Rule 20.1(c)(9) [Best Available Control Technology] should be revised to add that BACT determinations of technological feasibility should take into account whether or not the particular emissions level is achievable under local conditions, such as local environmental/climatic conditions.

DISTRICT RESPONSE
The District believes the requirement in the proposed BACT definition that a determination of technological feasibility be made as part of a BACT determination will require the District to consider whether the proposed BACT emissions level is achievable under local environmental/climatic conditions.

5. **WORKSHOP COMMENT**
What guidance will the District provide to its staff and applicants in how to determine BACT and LAER?

DISTRICT RESPONSE

The District intends to use EPA BACT/LAER guide books, ARB RACT/BARCT guide books, and those of other air agencies in determining BACT and LAER. The District will make these guidance books available for use by applicants in its library.

6. WORKSHOP COMMENT

There seems to be an inconsistency between Rule 20.1(c)(9)(ii) and (iv) [Best Available Control Technology] with regard to the term "proven in field application". Subsection (iv) states that such technology must be proven in field application while Subsection (ii) simply states that it has to be technologically feasible regardless of whether or not it is proven in field application. This should be addressed.

DISTRICT RESPONSE

Section (ii) is not intended to exclude air pollution control technology that has been demonstrated to be effective in reducing emissions but is not necessarily "Proven in Field Application" as it is defined in Rule 20.1(c)(49). To more clearly convey this intent, and to maintain consistency with the existing BACT definition, language will be added to Section (ii) to specify that the emissions level under consideration must be demonstrated, but not necessarily proven in field application. In addition, the BACT definition will be revised to specify that the emissions reductions associated with Section (iii) can be used in combination with the most stringent of Sections (i), (ii) or (iv) to determine a final BACT level.

7. WORKSHOP COMMENT

What is intended to be covered in Rule 20.1(b)(59) [Stationary Source] by the inclusion of emission units located in the California Coastal Waters?

DISTRICT RESPONSE

Primarily dredges, barges and potential oil platforms.

8. WORKSHOP COMMENT

Rule 20.1 (c)(15) [Emergency Equipment] should include sewage treatment flares that operate in emergency conditions when internal combustion engines fueled by digester gas are inoperative.

DISTRICT RESPONSE

The District will address the emergency operation of sewage treatment flares through permit conditions which will specify that such operations are allowable provided there is no simultaneous operation with other equipment for which these flares are intended to substitute.

9. WORKSHOP COMMENT

The District should allow the use of incremental cost-effectiveness calculations in Rule 20.1(c)(14) [Cost Effective]. At a minimum, language should be added to allow the District discretion in considering incremental cost-effectiveness in cases where there is a substantial additional cost for an insignificant benefit even though the overall cost-effectiveness is reasonable.

DISTRICT RESPONSE

The District does not agree that the use of incremental cost-effectiveness calculations are appropriate in determining BACT for an emissions unit. In addition, the State Air Resources Board does not allow incremental cost-effectiveness to be used when establishing BACT. The District's current New Source Review rules allow consideration of cost when determining the applicability of a given BACT level. They do not allow the use of incremental cost-effectiveness in determining the appropriate BACT level. The District is unaware of any problems (or abuses) that have resulted

from how District staff have implemented these provisions since their adoption (at least 12 years). The suggested change will not be added. However, the District will provide specific written guidance to its permitting staff that reflects current practice on how to implement these provisions.

10. WORKSHOP COMMENT

The District should consider a revised LAER definition [Rule 20.1(c)(27)] that gives some weight to cost. A proposal will be submitted to the District that accomplishes this, yet meets all EPA requirements.

DISTRICT RESPONSE

This is similar to written comment #154 and will be addressed in the response to that comment.

11. WORKSHOP COMMENT

Rule 20.1(c)(30) [Modeling] should be revised to specify that models used should also be in the public domain.

DISTRICT RESPONSE

The requirements of Rule 20.1(c)(30) are in the current NSR rules and there have been no problems in their application. The District does not believe this change is necessary or desirable because it will take away some of the flexibility that applicants currently have with respect to models that are selected for use in a given application. The District understands the concern that prompted this comment and will work with applicants that are required to conduct modeling to apply this requirement in a reasonable and responsible manner.

12. WORKSHOP COMMENT

There is concern that the "Modified Emissions Unit" definition [Rule 20.1(c)(31)] will unfairly subject emissions units that have suppressed usage simply because of a poor economy to NSR requirements when usage increases because of an economic upturn, even though no physical modification is made. This can be resolved in the "Modified Emissions Unit" or the "Potential to Emit" definition such that there is an exclusion from NSR requirements if no physical changes are made, the emissions increase is consistent with any previous permit limitations, and the emissions increase is due solely to an increase in the emissions units usage. Another approach is develop language that will determine how permit conditions can be developed that establish a units "Potential to Emit". Such language would ensure such conditions are mutually agreeable to both an applicant and the District.

DISTRICT RESPONSE

This is similar to written comment #159 and will be addressed in the response to that comment.

13. WORKSHOP COMMENT

Rule 20.1(c)(49) [Proven in Field Application] should be revised to clarify that the required demonstration must be "in field application". This is critical to the intent of the definition. The word "effective" should also be retained.

DISTRICT RESPONSE

Rule 20.1(c)(49) [now Rule 20.1(c)(51)] will be revised to clarify that the required demonstration must be "in field application". Also, the language "maintaining a specific emission level" will be retained. It is more specific than the word "effective" in conveying the District's intent.

14. WORKSHOP COMMENT

Rule 20.1(c)(52) should be revised to specify the acceptable methods for such calculations. Proposed language will be provided for the District's consideration. There is concern over the impact the choice of calculation methods can have on emissions offset and banking determinations.

DISTRICT RESPONSE

The calculation methods proposed for inclusion in the rule are consistent with those currently used by the District. The method most appropriate for use on a given application is selected on a case-by-case basis. This approach has worked well for over twelve years. The District does not believe calculation methods should be included in the rule in this level of detail and believes the current language is adequate and has a proven track record. However, the District will issue a written policy to its permitting staff specifying that the most appropriate calculation methods will be selected from such list as determined by the District on a case-by-case basis.

15. WORKSHOP COMMENT

The District should consider abandoning the "Related Emissions Unit" [Rule 20.1(c)(53)] concept to address its concern for potential abuses of the "Stationary Source" [Rule 20.1)c)(59)] definition. An alternative approach will be proposed for District consideration that addresses the concern through application of Rule 60 (Circumvention). If this alternative approach is acceptable, the term "Related Emissions Unit" in Rule 20.1(c)(59) [Stationary Source] needs to be revised accordingly.

DISTRICT RESPONSE

This is similar to written comment #146 and will be addressed in the response to that comment.

16. WORKSHOP COMMENT

Rule 20.1(c)(60) [Surplus] should be revised to specify a time period for determining what emissions reductions are surplus. Those emissions reduction requirements (laws, rules, regulations, reductions specified in the RAQS and SIP) in effect at the time the permit application should be the only reductions that are not allowable as surplus.

DISTRICT RESPONSE

The District generally agrees. Rule 20.1(c)(60) will be revised to specify the date the banking application is deemed complete in order to be consistent with District Banking Rules.

17. WORKSHOP COMMENT

Is the state ARB's definition of VOC the same as EPA's?

DISTRICT RESPONSE

The District is aware of only one minor difference between ARB's and EPA's VOC definitions. EPA excludes ethane as a VOC and ARB does not.

18. WORKSHOP COMMENT

Rule 20.1(c)(42) [Portable Emission Unit] should be revised to provide for units that are located at a stationary source but are clearly portable and are moved out of the county.

DISTRICT RESPONSE

The District disagrees. However, language will be added to specify that the time an emission unit is stored at a clearly designated holding or storage area does not count toward the 180 day limit that the emission unit can be at a given location before it would loose its portable designation. The proposed definition does not restrict the movement of portable equipment out of the county.

19. WORKSHOP COMMENT

Rule 20.1(c)(15) [Emergency Equipment] should be expanded to include portable air compressors (powered by internal combustion engines) that are used in emergency situations. These are large units on wheels that are permitted under the current rules as portable equipment. If inclusion of the term "pumps" is intended to include air pumps (compressors), this should be clarified.

DISTRICT RESPONSE

The District believes that the term "pump" would include air compressors. However, such compressors must be used exclusively as emergency equipment. Rule 20.1(c)(15) will be revised to clarify that equipment must be used exclusively as emergency equipment to qualify as "Emergency Equipment". In addition, air compressors will be added to the definition of "Emergency Equipment".

20. WORKSHOP COMMENT

Rule 20.1(c)(15) [Emergency Equipment] should be revised to include piston engines used to raise a cable at the end of a runway that is used in emergency situations to assist jet planes in landing. Such emergency landings are not routine and are called by pilots who experience trouble, not by anyone on the ground. These engines also run about 30 minutes each day for maintenance purposes.

DISTRICT RESPONSE

The intent of the exemption for "Emergency Equipment" is to exclude only the emissions from such equipment during actual emergency operation from BACT and emission offset emissions calculations. Emissions associated with the operation of emergency equipment for maintenance purposes are considered in such calculations. The District will add an exemption for piston engines used to power runway cables to Rule 20.1(b).

21. WORKSHOP COMMENT

Rule 20.1(c)(37) [Non-Criteria Pollutant Significance Level] appears to be defined on a stationary source rather than an emissions unit basis. Is this what is intended? The word "contemporaneous" should be deleted from this definition.

DISTRICT RESPONSE

Defining "Non-Criteria Pollutant Significance Level" on a stationary source basis was done intentionally because it is a specific requirement of EPA's PSD program. The EPA requires that the District include "contemporaneous" increases in its PSD program and therefore, this term must be retained.

22. WORKSHOP COMMENT

Rule 20.1(c)(42) [Portable Emission Unit] should be revised to clarify that it is the actual operation of an emission unit at a given location for more than 180 days that is important in determining whether the equipment is stationary or portable rather than whether or not the equipment is at a location more than 180 days regardless of whether or not it is operated. Equipment such as cranes can sit at a given location for long periods of time and then have to be relocated to meet given needs. This equipment is clearly portable but would not be treated as such under Rule 20.1(c)(42).

DISTRICT RESPONSE

Rule 20.1(c)(42) will be revised to specify that the time an emission unit is stored at a clearly designated holding or storage area (including rental yards) does not count toward the 180 day limit that the emission unit can be at a given location before it would loose its portable designation. It should be noted that the 180 day limit includes days when such equipment is available for operation at a job-site.

23. WORKSHOP COMMENT

The maximum number of days (180) specified in Rule 20.1(c)(42) [Portable Emission Unit] that a portable emission unit can be operated at a given location before it is considered permanent should not include operating time required strictly for maintenance purposes.

DISTRICT RESPONSE

Each day an emission unit is available for operation at a job-site will count toward the 180 day limit. This includes maintenance operations. However, maintenance operations at dedicated holding or storage areas (including rental yards) will not be counted toward the 180 day limit. The District's intent in excluding maintenance operations at holding yards is not to create a loop hole. If this exemption provision is abused, the District will propose that the rule be amended to prevent any such abuses.

24. WORKSHOP COMMENT

Certain large stationary sources have portable equipment that is routinely moved around within the stationary source and is clearly portable. However, it would not be treated as such in Rule 20.1(c)(42) [Portable Emission Unit]. This definition should be revised to recognize that such equipment is a portable emission unit.

DISTRICT RESPONSE

Such equipment that moves around at a single stationary source is not intended to be treated as a Portable Emission Unit because it does not need the same special consideration as equipment that is moved between stationary sources. Such equipment will be treated as stationary equipment.

25. WORKSHOP COMMENT

The requirement in existing permit conditions that portable equipment owners notify the District at least 48 hours before it is relocated is onerous. The rule should be written such that it does not continue to impose such a burden.

DISTRICT RESPONSE

New or modified portable equipment that meets the requirements of Rule 20.4 will not be required to provide any advance notice to the District before it relocates. The only exception is for equipment that is portable within a stationary source and infrequently moves to other stationary sources.

26. WORKSHOP COMMENT

How does Rule 20.1(c)(42) [Portable Emission Unit] treat an emissions unit that is not operated for more than half a day?

DISTRICT RESPONSE

Each day an emissions unit is available for operation (except at a designated storage or holding yard) is counted against the allowable 180 day limit for portable equipment. Thus, equipment that is operated only part of a day is considered to have operated for the entire day for purposes of the allowable 180 day limit. The fact that some equipment may operate only part of a day was taken into consideration when the 180 day limit was established.

27. WORKSHOP COMMENT

The District should base its "Potential to Emit" calculations on a pounds per day and tons per year basis.

DISTRICT RESPONSE

Rule 20.1(d)(1) provides that "Potential to Emit" must be calculated on an hourly, daily and annual basis.

28. WORKSHOP COMMENT

Rule 20.1(d)(2)(i) should be revised to provide additional specificity regarding the time period that is to be considered in performing "Actual Emissions" calculations. This has emissions offsets and banking implications.

DISTRICT RESPONSE

The District's experience is that the guidance provided in Rule 20.1(d)(2)(i) is adequate for the vast majority of instances. For any cases where the District and an applicant cannot agree on the operating period to be used, the applicant has the ability to appeal the District's decision to the Hearing Board.

29. WORKSHOP COMMENT

Rule 20.1(d)(2)(iii) should be revised to provide a calculation method for hourly, daily and annual emissions. Language to accomplish this will be submitted to the District for its consideration.

DISTRICT RESPONSE

This is similar to written comment #132 and will be addressed in the response to this comment.

30. WORKSHOP COMMENT

Rule 20.1(d)(2)(iv)(B) should be revised to provide more specificity regarding Federal RACT so an applicant will know what is not eligible for consideration as an Actual Emission Reduction. A clarification should also be made that it does not include state-required BARCT.

DISTRICT RESPONSE

Rule 20.1(d)(2)(iv)(B) was not intended to include emissions adjustments reflecting state-required BARCT to the extent it exceeds federal RACT requirements. The District believes the rule is sufficiently clear so as to apply only to federal RACT and not to BARCT that exceeds federal RACT. RACT is sufficiently defined by federal regulations. It varies by equipment type and is determined on an equipment type-by equipment type basis in cooperation with the EPA. Specific federal RACT for all source categories cannot be specified in the NSR rules.

31. WORKSHOP COMMENT

The rules should include a statement that emission reduction credits from the shutdown of haul roads at existing landfills should be eligible for emissions offset credits at new landfills.

DISTRICT RESPONSE

The District does not believe there is a need to do this. If the shutdown of landfill haul roads meets all of the requirements of the District's Banking Rules, they are eligible for emission reduction credit (ERC) status and therefore can be used as offsets.

32. WORKSHOP COMMENT

Will the District continue to require permits for all sources of offsets [Rule 20.2], without exception? What about the paving of a road that does not have a permit; will that be eligible as an offset?

DISTRICT RESPONSE

Most emission units that are used to create offsets will be required to have permits to ensure that the reductions are enforceable. Certain other emission reduction methods, such as the paving of a haul road, may not be required to obtain permits, but may be required to keep records to demonstrate such reductions are permanent. The District will handle exceptions to the requirement that only permitted sources are eligible as offsets on a case-by-case basis. In order to accomplish this, the District will be revising its Banking rules to allow for the creation of credits from emission sources not requiring permits.

33. WORKSHOP COMMENT

Rule 20.2(d)(2)(i) should be revised to delete the term "cause or contribute to a violation" and replace it with the term "prevent or interfere with the attainment or maintenance " as contained in the state Health and Safety Code. A similar change should be made in Rule 20.3(d)(3)(vi)(A)(1).

DISTRICT RESPONSE

This is similar to written comment #147 and will be addressed in the response to that comment.

34. WORKSHOP COMMENT

Language should be added to the rules to allow the District to approve projects that exceed the Air Quality Impact Analysis criteria on a case-by-case basis if certain specified criteria are met. Allowing sources that exceed such criteria to use offsets to show that they have not prevented or interfered with the attainment or maintenance of an air quality standard should be a consideration.

DISTRICT RESPONSE

This is similar to written comment #148 and will be addressed in the response to that comment.

35. WORKSHOP COMMENT

The test method specified in Rule 20.2(d)(2)(i) for measuring particulate matter appears to be incorrect and should be revised to approved ARB/EPA methods.

DISTRICT RESPONSE

This is similar to written comment #129 and will be addressed in the response to that comment.

36. WORKSHOP COMMENT

The District should explain why the language "An air quality impact analysis shall not be required for NOx or SOx as a precursor to PM_{10}" was deleted from Rule 20.2(d)(2)(ii). The District should allow concurrent reductions in PM_{10} precursors to be counted if it is going to require a source to consider increases in them in an AQIA.

DISTRICT RESPONSE

The intent of this language was to consider only the PM_{10} in the modeling that would show up in source testing. It was not to assume that all precursors would eventually convert to PM_{10} and use those emissions in the modeling. The referenced sentence was deleted because, given the sentence that follows it, the District did not believe it was needed to convey this intent. The sentence that follows this referenced sentence will be clarified to refer to particulate matter formed by precursor air contaminants prior to discharge to the atmosphere. Similar changes will be made to Rule 20.2(d)(2)(i) and (iii) as well as to Rules 20.3 and 20.4.

37. WORKSHOP COMMENT

The 0.6 pound per day trigger level for lead and lead compounds in Table 20.2-1 of Rule 20.2 appears to be in error and should be revised to 3.2 pounds per day.

DISTRICT RESPONSE

The District agrees and will make the necessary correction.

38. WORKSHOP COMMENT

The AQIA requirement of Rule 20.2(d)(2)(iii) should be tied to the installation/operation of a source rather than its relocation. Until equipment is installed/operated it has no Potential To Emit. There is concern that equipment could not even be moved to a new location until an AQIA is completed.

DISTRICT RESPONSE

This is similar to written comment #163 and will be addressed in the response to that comment.

39. WORKSHOP COMMENT

Can a PM_{10} source reduce its 2:1 emission offset burden in Rule 20.2(d)(2)(vii) if it can show an air quality impact of less than the allowable incremental increase (e.g. 3 or 5 ug/m^3)?

DISTRICT RESPONSE

No. The District agreed to allow a project subject to AQIA requirements for PM_{10} to have an impact of up to 5 ug/m^3 only if a 2:1 offset ratio was provided for PM_{10}. The 2:1 offset ratio applies to all PM_{10} projects subject to AQIA requirements regardless of the magnitude of their impact.

40. WORKSHOP COMMENT

Language should be added to Rule 20.2(d)(4)(ii) to specify that an applicant's response time can be extended beyond ten days if the applicant agrees to extend the District's time deadline (180 days) a like amount.

DISTRICT RESPONSE

The District agrees this is appropriate and will make the necessary changes. This is similar to comment # 164 and is addressed in more detail in the response to that comment.

41. WORKSHOP COMMENT

The emissions offset requirements of Rule 20.1(d)(5) specifying that non-concurrent emissions reductions must first be banked before they can be used as offsets, focuses much attention on the workability of the banking rules.

DISTRICT RESPONSE

The District agrees that the banking rules will play a key role in the ability of emissions reductions to satisfy emissions offset requirements. The District has agreed to work closely with representatives of local industry in developing revisions to the banking rules.

42. WORKSHOP COMMENT

The District should provide an exemption from the requirements for LAER for emergency equipment as it has been defined by the District in Rule 20.1(c)(15).

DISTRICT RESPONSE

The District agrees. An exemption from LAER for emergency equipment will be added to Rule 20.3(b). However, it should be noted that the maintenance emissions from such equipment will be

included in the aggregate potential to emit for the stationary source and must be offset at a source with an aggregate potential to emit greater than 15 tons per year. In addition, maintenance emissions will remain subject to BACT requirements if such emissions will exceed 10 pounds per day.

43. WORKSHOP COMMENT

The District should allow an exemption for large air compressors that are required to run a maximum of 48 hours every 40 months to pressurize two nuclear reactor containment domes.

DISTRICT RESPONSE

The District generally agrees if these air compressors will be used exclusively for the sole purpose stated while in San Diego County. If these air compressors are portable and used for other purposes in San Diego County, they must be permitted as portable and meet the requirements of Rule 20.4. If these air compressors will remain at the stationary source but will be used for other purposes, they must comply with the same provisions as any other stationary equipment. If they are used exclusively for the stated purpose, such equipment should be exempt from BACT, LAER and offsets. However, if emissions from such equipment exceed AQIA trigger levels, an AQIA should be done to ensure that local air quality is protected. A limited specific exemption for this case will be added to Rule 20.1(b).

44. WORKSHOP COMMENT

Rule 20.3 does not specify "emissions increases" as the triggering mechanism for the rule whereas Rule 20.2 does. Is this an oversight in Rule 20.3?

DISTRICT RESPONSE

This comment appears to be in error. The requirements of both Rules 20.2 and 20.3 are generally triggered by increases in the potential to emit of an emission unit or stationary source.

45. WORKSHOP COMMENT

Rule 20.3 requires LAER for all emissions increases at a major stationary source. EPA does not require this. Rule 20.3 should be revised to allow a source the option of having all modifications at its facility evaluated on either an emissions unit basis or using the 5-year rolling average that EPA allows. Once a source chooses the method it would like to be evaluated under, it would not be allowed to change. Language to accomplish this will be proposed for District consideration.

DISTRICT RESPONSE

This is similar to written comment #152 and will be addressed in the response to that comment.

46. WORKSHOP COMMENT

Language should be added to Rule 20.3 to clarify that LAER is an emission limitation that is applicable only to the increase in emissions from a modified emissions unit. LAER is not applicable to the entire modified emissions unit.

DISTRICT RESPONSE

This is similar to written comment #153 and will be addressed in the response to that comment.

47. WORKSHOP COMMENT

Is Rule 20.3(d)(3)(iii) intended to apply the AQIA requirements to all pollutants or only the ones that exceed the PSD significance levels? The rule seems to apply it to all pollutants even though only one exceeds the PSD significance level.

DISTRICT RESPONSE

Rule 20.3(d)(3)(iii) is intended to apply the AQIA requirements to only those pollutants which exceed the PSD significance levels. Rule 20.3(d)(3)(i)(C) was intended to accomplish this. However, additional language will be added to Rule 20.3(d)(3)(iii) to clarify this applicability.

48. WORKSHOP COMMENT

Rule 20.3(d)(3)(vii)(C) should be modified to add the phrase "or is not necessary" to the waiver by the APCO of the requirement for representative monitoring data.

DISTRICT RESPONSE

The District disagrees. The requirement for preconstruction monitoring data is a specific requirement of the EPA and cannot be waived by the District unless such data is already available. The suggested language cannot be added.

49. WORKSHOP COMMENT

The District should clarify how permit conditions will be used to establish whether a source is in Portable Emission Unit Category I, II, or III of Rule 20.4.

DISTRICT RESPONSE

The District will not be using permit conditions to establish what category a Portable Emission Unit would be in. The Portable Emission Unit applicant will need to decide what category it wishes such equipment to be permitted in and provide any required emissions offsets. Permit conditions will then be written to reflect the category selected by the applicant.

50. WORKSHOP COMMENT

The proposed Rule 20.4 will require existing portable emission units to pass either a generic or site specific AQIA if they have the potential to emit emissions greater than the AQIA trigger levels. How will such sources know an AQIA will be required?

DISTRICT RESPONSE

The District will send permit advisories to all holders of portable equipment permits advising them of the rule changes and that an AQIA will be required within one year of date of adoption of the rule changes if AQIA requirements are applicable to the portable equipment.

51. WORKSHOP COMMENT

Will BACT and emissions offsets be required for emissions increases of different pollutants that result from control devices installed to meet District prohibitory rules and NSR rules? It is suggested that emission reduction credits in the District bank that result from the increased emissions offset ratio for federal major sources for VOC and NOx, and from the increased emissions offset ratio for sources of PM_{10} that exceed AQIA trigger levels be used for this purpose.

DISTRICT RESPONSE

This is similar to written comment #127 and will be addressed in the response to that comment.

52. WORKSHOP COMMENT

The District should consider an alternative to the recordkeeping requirements for the emissions offset pool specified in Rule 20.4(d)(5)(iv)(A). Such an alternative will be proposed for District consideration.

DISTRICT RESPONSE

This is similar to written comment #156 and will be addressed in the response to that comment.

53. WORKSHOP COMMENT

The District should clarify what is intended by the language in Rule 20.4(d)(5)(iv)(A)(1) that requires a person renting out a portable emission unit to keep records of the potential to emit of the source where the equipment is being moved? How can a portable equipment renter be expected to know what another source's potential to emit is on an ongoing basis. Other portable equipment rented by others can move in and out of a source on a daily basis without a renter knowing about it. This should be considered in establishing recordkeeping requirements for renters.

DISTRICT RESPONSE

The owner (renter) of the portable equipment is not required to know exactly what the potential to emit of a stationary source is, only the general range of potential to emit (e.g. less than 15 tons per year, more than 15 tons per year, more than 25 tons per year). The District will be able to provide lists of sources in these categories. The portable equipment owner will also not need to know what other portable equipment is at the site since such equipment is not considered in the source's potential to emit.

54. WORKSHOP COMMENT

The District should consider requiring that records be kept in Rule 20.4(d)(5)(iv)(A)(1) at a frequency of less than a daily basis.

DISTRICT RESPONSE

The District disagrees. If certain equipment is required to provide offsets and the owner provides these from an offset pool, the amount of offsets required will increase if weekly or monthly records are allowed in lieu of daily records. This is because it will be presumed that the equipment operated (or was available to operate) the entire week or month rather than specified days.

55. WRITTEN COMMENT

The federal Clean Air Act allows local authorities to control sources that are permanently installed in a single location. It preempts state and local authorities from regulating transportable sources that are moved from site to site because they are mobile sources, not stationary sources. Transportable sources are mobile sources. Transportable non-road engines fall within the scope of the non-road federal preemption. The District should withdraw its proposal in the NSR rules to regulate portable equipment.

DISTRICT RESPONSE

The Clean Air Act does not preempt state or local authorities from regulating transportable sources, nor does it prohibit the regulation of mobile sources. The 1990 Clean Air Act Amendments, Section 209(a) prohibit state or local districts to "adopt or attempt to enforce any standard relating to the control [of] emissions from new motor vehicle engines subject to this subpart." Section 209(e) prohibits state or local districts from regulating new nonroad engines or nonroad vehicles which are new engines used in construction equipment or vehicles or used in farm equipment or vehicles and which are smaller than 175 hp and new locomotives or new engines used in locomotives.

Pursuant to Section 209(e), the EPA is currently in the process of developing regulations regarding these engines. EPA's proposed definition of nonroad engine has been modified at least three times and further changes are anticipated. If necessary to accommodate the final EPA nonroad engine regulations, the District will modify the New Source Review rules accordingly. District rules currently prohibit the permitting or regulation of engines used exclusively for the propulsion of motor vehicles. Proposed Rule 20.4 will not change this. These engines will remain exempt.

56. WRITTEN COMMENT

It is inappropriate for the District to propose a distinction between portable and stationary emissions units that is not consistent with how other districts are handling such units. Rule 20.4 limits portable emissions units to a total of 180 days at the same stationary source. The South Coast Air Quality Management District defines a "portable internal combustion engine" as an engine "which is not attached to a foundation and is not operated at a single facility for more than one year and is not a replacement engine for a specific application which lasts or is intended to last for more than one year". The District should adopt this concept of portability into its NSR rules and specify that an engine is portable if it possesses indicators of transportability including, but not limited to, wheels, skids or carrying handles; dolly trailer or platform mounted; or self-contained cooling system and fuel supply.

DISTRICT RESPONSE

The District has surveyed other districts regarding the limitation on time they impose on portable equipment. The South Coast, San Joaquin and Sacramento AQMDs limit portable equipment to not more than 90, 120 and 180 days respectively, at any single location within a 12-month period. The District's proposed 180 day limit has been discussed with local industry representatives and has been determined to be adequate to prevent abuses of special provisions and special treatment of portable emission units.

57. WRITTEN COMMENT

Rule 20.1(b)(1) contains language that the exemption for Rule 11 applies "...provided the unit was operated in San Diego County at any time within one-year prior to the date on which the permit requirements became applicable to the unit ...". This statement should be deleted because it encourages the unnecessary operation of low usage units, which operate intermittently depending on workload, in order to keep this exemption.

DISTRICT RESPONSE

The District disagrees. The cited units would have been required to obtain permits as a result of a change in Rule 11 not as a result of their operating frequency. A source would have to know ahead of time that an exemption would be removed in order to be encouraged to use such equipment as is suggested. This seems unlikely to be a significant factor. A more practical problem is ensuring that "grandfathered" exempt equipment was indeed existing and operating at the time Rule 11 was changed to require permits and not "new" and therefore is subject to the New Source Review rules.

58. WRITTEN COMMENT

Rule 20.1(b)(2)(iii) provides an exemption for an existing permitted unit due to an increase in the hours of operation. This does not exempt an increase in emissions associated with an increase in the hours of operations. This language should be modified to "the following changes shall be exempt only if there is no increase in the potential to emit of any air contaminant including those not previously emitted".

DISTRICT RESPONSE

This is similar to written comment #159 and will be addressed in the response to that comment.

59. WRITTEN COMMENT

Rule 20.1(b)(5) exempts pending applications received on or before 31 days prior to the date of rule adoption provided:

(i) the application was deemed complete before *(date of adoption)*, and

Applications not deemed complete will be processed under the new NSR rules because of major source category. Some applications cannot be deemed complete because they need to be considered for NSR. This concept changes the rules in the middle of the process.

DISTRICT RESPONSE

The use of application completeness as a milestone for "grandfathering" pending applications is a concept used by other air districts and the EPA, and has been accepted by industry as being a fair way to handle projects that are scheduled for construction in the near term yet prevent abuses of "grandfathering" provisions. The alternative of allowing applications filed up to the date of rule adoption to be "grandfathered", whether or not complete, would allow companies to file applications for future projects and circumvent the intent of the federal and California Clean Air Acts. Such a provision would not be acceptable to either the EPA or ARB and would present an opportunity for abuse.

60. WRITTEN COMMENT

Rule 20.1(b)(5) exempts pending applications received on or before 31 days prior to the date of rule adoption provided:

(ii) the application is not for equipment located at a major stationary source, and

Please explain why the exemption is not provided to major stationary sources.

DISTRICT RESPONSE

This is similar to written comment #126 and will be addressed in the response to that comment. It should be noted that major stationary sources are subject to current EPA LAER and offset requirements and are required to comply with these requirements or federal enforcement action could result. The original intent of the referenced language in Rule 20.1(b)(5) is to ensure such sources comply with the current EPA requirements. The response to written comment #126 provides more detail of how the District now intends to handle such sources.

61. WRITTEN COMMENT

Rule 20.1(b)(5) exempts pending applications received on or before 31 days prior to the date of rule adoption provided:

(iii) construction pursuant to an Authority to Construct will be completed within one year after issuance of the Authority to Construct.

Long procurement lead times and other considerations can prohibit construction completion within a one-year time frame. This language should be changed to read: "construction pursuant to an Authority to Construct will commence within one year after issuance of the Authority to Construct".

DISTRICT RESPONSE

This is similar to written comment #126 and will be addressed in the response to that comment.

62. WRITTEN COMMENT

Rule 20.1(c)(2) refers to emission reductions which are "real". The word "Real" is not defined in the rule. It is requested that the word "real" be changed to "actual".

DISTRICT RESPONSE

A definition for "real emission reductions" is included in the District's current Rule 20.1. A definition for "Real" will be added to proposed Rule 20.1. The District disagrees that the word "real" should be changed to "actual".

63. WRITTEN COMMENT

Rule 20.1(c)(4) defines Air Quality Impact Analysis (AQIA) and states that it must be "... conducted by means of modeling or other method as the Air Pollution Control Officer and the federal Environmental Protection Agency may approve". This statement should be clarified because it implies that the EPA must approve all AQIA modeling as well as other methods. We do not believe this is the District's intent. The definition should be changed to read: "... conducted by modeling as approved by the Air Pollution Control Officer. Methods other than modeling may be used as approved by the Air Pollution Control Officer and the federal Environmental Protection Agency".

DISTRICT RESPONSE

The District agrees and will make the suggested change.

64. WRITTEN COMMENT

Rule 20.1(c)(12) defines contemporaneous emissions increases as the "... sum of emission increases and emission reductions ...". This definition should be changed to read "... the sum of actual emission increases and actual emission reductions ...".

DISTRICT RESPONSE

The District does not entirely agree. Emissions increases are based upon increases in potential to emit, as defined in Rule 20.1(c)(18). However, actual emission reductions can be used to reduce a contemporaneous emission increase. In addition, reductions in potential to emit for new and modified units included in the contemporaneous period are also allowable. The definition of "contemporaneous emission increases" has been revised to reflect this.

65. WRITTEN COMMENT

Rule 20.1(c)(16) defines Emergency Situation. It is requested that Hydraulic Test Stands used for the purpose of configuring stranded aircraft (for towing) be included in this definition. This is an emergency situation which will not cause significant actual emissions.

DISTRICT RESPONSE

The District disagrees. The commentator has not provided information on the number of such units, the frequency of operation, the emissions, or whether the circumstances described are unforeseen or predictable. Equipment not directly related to a true emergency will not be considered for exemption and is beyond the intent of the District's consideration of an exemption for "emergency" equipment. Expansion of the types of equipment exempted as "emergency" also circumvents the intent of the California Clean Air Act and jeopardizes the ability of the District to show a "no-net-increase" in emissions from new and modified permitted sources.

66. WRITTEN COMMENT

Rule 20.1(c)(18) refers to "process line" and "any air contaminant." It is requested that the District define "process line". It is also requested that "any air contaminant" be changed to read "any criteria air contaminant".

DISTRICT RESPONSE

The District disagrees. The terms' process line and 'air contaminant' are defined in Rule 2 of the District's Rules and Regulations. Limiting the definition of emission unit to criteria air contaminants is unnecessary and may contradict EPA requirements for Prevention of Significant Deterioration which regulates both criteria and other air contaminants.

67. WRITTEN COMMENT

Rule 20.1(c)(27) defines LAER and specifies that "... cost-effectiveness shall not be considered ...". The reference to cost-effectiveness should be deleted. The definition of LAER, as stated in the proposed rule should be replaced with the federal definition: "Lowest emission level achieved in practice by such class or category of source".

DISTRICT RESPONSE

This comment is similar to written comment #154 and will be addressed in response to that comment.

68. WRITTEN COMMENT

Rule 20.1 (c)(32) defines Modified Stationary Source. This definition should be clarified regarding whether an emission unit which does not require a Permit to Operate due to age of unit is considered a modification of stationary source if it is replaced with an identical unit.

DISTRICT RESPONSE

If an existing emission unit is grandfathered from permit requirements and is replaced by a new unit which does require an Authority to Construct and Permit to Operate, that new unit will be subject to New Source Review. Such a replacement will be considered a modification of the stationary source. If the change doesn't result in a change in the source's potential to emit, offsets will not be required. This is consistent with EPA requirements and ARB guidance.

69. WRITTEN COMMENT

Rule 20.1(c)(52) defines quantifiable "... as determined by the Air Pollution Control Officer." It is requested that "... as determined by the Air Pollution Control Officer" be deleted and "... following Good Engineering Practice" be added in its place.

DISTRICT RESPONSE

The District disagrees. The intent of this language is to obtain the most accurate and reliable quantification of emissions, considering all of the methods for doing so that are reasonably available. The requirement that emissions be "Quantifiable" has been in the New Source Review rules for at least 10 years and there have been no major problems with its implementation. Where an applicant disagrees with the District's approach to quantifying emissions, the District has always been willing to meet with the applicant to address the issue from a technical perspective. Adoption of the suggested language would add the additional burden of determining what "Good Engineering Practice" is for each specific application, who makes that determination, and who resolves disagreements.

70. WRITTEN COMMENT

Rule 20.1(c)(53) defines Related Emission Units. This definition should refer to related emission units at "a defined stationary source"; otherwise, separate stationary sources could be defined as related emission units. This should be clarified.

DISTRICT RESPONSE

This comment is similar to written comment #146 and will be addressed in the response to that comment. The term "related emission units" is no longer used in the proposed rules.

71. WRITTEN COMMENT

Rule 20.1(d)(2)(i)(B) should be clarified to specify how the Air Pollution Control Officer will determine which two years is most representative of an operation.

DISTRICT RESPONSE

The District disagrees. Generally, the determination of a representative two-year period is a cooperative effort of the District and the applicant and must be done on a case-by-case basis. To further specify the procedure will unnecessarily limit the flexibility of the District and applicants.

72. WRITTEN COMMENT

Rule 20.2(d)(5)(ii)(A). The term "... a oxides of sulfur..." should be changed to read "...an oxides of sulfur...".

DISTRICT RESPONSE

The District agrees and will make this correction.

73. WRITTEN COMMENT

Rule 20.3(b). Most emergency equipment is exempt from BACT based on a cost-effectiveness analysis. However, LAER provision for major sources will require BACT to be installed on emergency generators, regardless of cost. It is requested that an exemption be added in Rule 20.3(d)(1) to exclude emergency generators from LAER.

DISTRICT RESPONSE

This comment is similar to written comment #42 and has been addressed in the response to that comment.

74. WRITTEN COMMENT

Rule 20.4(c)(3), (4), (5). The District should provide information on permit fees for each type of portable emission unit.

DISTRICT RESPONSE

Permit fees are based on the type of portable equipment (e.g. marine coating, I/C engine, tar pot, abrasive blast pot, etc.). Fees are specified in District Rule 40.

75. WRITTEN COMMENT

PRE-1979 EMISSION UNITS

If Rule 20.1(d)(1)(i)(B) is used to determine pre-project potential to emit at pre-1979 emission units (which have no permit limiting conditions), an increase of workload at these units will cause such units to be identified as modified emission units. Modified emission units under Rule 20.3(d)(1)(i) are required to be equipped with LAER.

Major coating application operations are pre-1979 emission units and a source of VOC emissions; however, they are in full compliance with District rules. The demand has not reached maximum design capacity level due to decreased workload at these emission units during the past five years. If emissions from pre-1979 VOC emission units are limited using the highest level of emissions during a one year period within the preceding five years as a basis for potential to emit, LAER Technology will be required. It will be necessary to install Carbon Absorption or Catalytic Oxidation Systems at all pre-1979 coating application stations or other VOC sources which show de minimus emission increases and which have not reached maximum design capacity.

EPA and ARB regulations and guidance require that an emission unit's potential to emit be based upon the unit's maximum potential emissions. This has been deleted from Rule 20.1(d)(1)(i)(B). This change will severely restrict any industry experiencing economic decline within the past five years when it comes to increasing workload unless LAER is installed at prohibitive cost. This should be considered when the District conducts socioeconomic impact analysis.

It is requested that the District modify the language of 20.1(d)(1)(i)(B) to read: "If specific conditions limiting unit's pre-project potential to emit are not contained in an Authority to Construct or Permit to Operate, the pre-project potential to emit shall be limited to the emission unit's actual emissions or any other level of emissions, as the applicant and the Air Pollution Control Officer may agree, provided the level of emissions does not exceed the emission unit's maximum potential to emit and a request for modification to permit conditions is submitted within one year of date of adoption".

DISTRICT RESPONSE

This comment is similar to written comments #159 and #125 and will be addressed in the responses to those comments.

76. WRITTEN COMMENT

MILITARY DEPLOYABLE EQUIPMENT

Unrestricted mobility and use of military deployable equipment is essential to maintain optimum operational readiness of defense forces. Ground support equipment is critical to mission readiness of San Diego county military installations. The District should consider aspects of current and pending NSR regulations which will severely impact military operational readiness. The following changes are recommended:

a. Rule 20.1(c) - Include a definition for military deployable equipment to read: "Military Deployable Emission Unit" means an emission unit designed specifically to maintain operation readiness of military equipment, vehicles, or aircraft, designed to be easily movable, and, as installed, easily capable of being moved from one stationary source to another".

b. Exempt Military Deployable Equipment from New Source Review Rules.

c. Change Rule 20.1(d)(1)(ii)(C) to read: "Portable and Military Deployable Emission Units. Portable and Military Deployable emission units shall be excluded from the calculation of a stationary source's aggregate potential to emit".

DISTRICT RESPONSE

The District disagrees. The military also routinely uses deployable equipment at military bases in San Diego County. Neither the state or federal Clean Air Acts exempt emission increases from such equipment. However, the District has discussed this issue with representatives of the military and has proposed a permitting program whereby such equipment is permitted in groups by types of

equipment and only increases in the numbers of deployable equipment units will be subject to New Source Review rule requirements. Emission increases that result from additional deployable units would need to be quantified and offset. Due to the nature of this equipment, BACT and LAER may not be technologically feasible and therefore not required. This system will allow the military the flexibility of moving such equipment in and out of bases but also protect air quality by requiring that emission increases from additional units be offset.

77. WRITTEN COMMENT

Rule 20.1(a) should not be applicable to replacement emission units as long as there is no increase in the potential to emit. The newly installed language regarding replacement emission units should be deleted.

DISTRICT RESPONSE

The District disagrees. Identical replacement units are exempted by Rule 11(n) from the requirement for an Authority to Construct and therefore are not subject to New Source Review. This includes replacement with non-identical equipment which is identified in Rule 11(n) and where there is no increase in emissions. Replacement units that do not qualify for exemption under Rule 11(n) are considered to be modifications of a stationary source and are subject to New Source Review. This is consistent with EPA requirements and ARB guidance.

78. WRITTEN COMMENT

If the newly installed language regarding replacement emission units is retained, there should be an exemption in Rule 20.1(b) for replacement units as long as the replacement does not result in an emissions increase. Such an exemption would not violate the "no net increase" mandate of the California CAA and would encourage sites to replace older, less-efficient units with newer ones. As the proposed rule is written, sites are penalized by the NSR procedural process for such replacements.

DISTRICT RESPONSE

This concept is provided for in Rule 11(n). For equipment that does not qualify as an identical replacement, a source may be able to demonstrate there is no emissions increase, or reduce offsets requirements by using the emissions from the old unit. This is consistent with EPA requirements and ARB guidance for replacement units.

79. WRITTEN COMMENT

By making Rule 20.1(b)(5) applicable to applications submitted 31 days prior to adoption, the District is making the new rule retroactively effective. The language should be revised to read "...received prior to (date of adoption)..."

DISTRICT RESPONSE

The proposed 31 days is to allow the District adequate time (30 days) to determine if an application is complete prior to the date of adoption of the rule. This is necessary because the grandfather clause contained in the rule is based on having a complete application. This issue is further discussed in the responses to comments #60, #61, and #126.

80. WRITTEN COMMENT

The District should explain why the cost of measures used to comply with NSR are not part of the cost-effective calculation addressed in Rule 20.1(c)(14)? Do those "measures" include equipment or do the "measures" only include the procedural measures and not equipment? What factors, other than those used to comply with NSR, does the District anticipate will qualify for inclusion in the cost-effectiveness calculations? This definition contains language that seems to negate much of the cost-effective concept.

DISTRICT RESPONSE

The measures referred to in Rule 20.1(c)(14) are any air contaminant emission reduction measures required of stationary sources and adopted by the Air Pollution Control Board as part of the District's Rules and Regulations. This can include add-on control equipment, process modifications or changes in materials, fuels, etc. Measures used to comply with NSR were not included because this would rapidly escalate the cost-effectiveness benchmark and would not reflect cost-effectiveness findings made by the District Board.

81. WRITTEN COMMENT

Do military-owned sewage treatment works and/or military-owned landfills not processing hazardous waste or hazardous materials fall under Rule 20.1(c)(21)? If not, why? They fulfill the same functions as equivalent municipal facilities.

DISTRICT RESPONSE

Military-owned sewage treatment works and/or military-owned landfills are publicly-owned and may qualify as "essential public services".

82. WRITTEN COMMENT

A new subsection (v) should be added to Rule 20.1(c)(31) which incorporates the language of Rule 20.1(c)(32)(i). Adding the new subsection would clarify the definition.

DISTRICT RESPONSE

This comment is similar to written comments #77 and #78 and has been addressed in the responses to those comments.

83. WRITTEN COMMENT

Under the language of Rule 20.1 (c)(34)(i), does placing the Permit to Operate into the inactive status of Schedule 49 of Rule 40 prevent an existing emission unit from being reclassified as a new emission unit if it is inactive for more than a year? If not, why?

DISTRICT RESPONSE

Placing a Permit to Operate on inactive status for more than one year does not cause the emission unit to be reclassified as new. Rule 10(h) provides that such a permit is reinstated upon payment of the applicable renewal fee. This is an administrative action on the part of the District.

84. WRITTEN COMMENT

Given the language in Rule 20.1(c)(37), does the District plan to try to evaluate every PSD source submitting any application to see if that source has had increases in non-criteria pollutants within the past five years or is the District only going to evaluate non-criteria pollutants when an application comes in that shows a reasonable potential to increase non-criteria emissions?

Since contemporaneous means as long as five years ago, the language in this definition seems to allow de facto retroactive regulation of sources of non-criteria pollutants. The word "contemporaneous" should be deleted or the emissions unit language reinstated.

Zero limits for CFC emissions seem especially important since so many sources have CFC-containing equipment and, in many cases, have no data or incomplete data for past emissions of these compounds and therefore cannot demonstrate any emissions at all, no matter how small, aren't increases. For example, in the case of refrigerant recovery equipment, certain vacuum levels and/or recovery efficiencies are required by the CFR. Anything less than 100% recovery efficiency could be interpreted by the District as an emissions increase triggering NSR.

DISTRICT RESPONSE

EPA's PSD program is based on contemporaneous emission increases. These are increases in emissions of criteria pollutants. If a criteria pollutant emissions increase triggers PSD provisions, certain analyses must be undertaken. This includes the impact of any contemporaneous increases in CFC emissions. However, the CFC emissions themselves do not trigger PSD. The impacts analysis for CFCs is an EPA requirement and has therefore been included in the District's New Source Review rules.

85. WRITTEN COMMENT

What does "unlimited" mean in the context of Rule 20.1(c)(41)? Is it synonymous with indefinite?

DISTRICT RESPONSE

Unlimited means not for a limited period of time, i.e., not a temporary reduction.

86. WRITTEN COMMENT

Rule 20.1(c)(42) fails to take into account some aspects of portable equipment. In the first workshop report, the District repeatedly cited location, without mention of operation, as the deciding factor for the 180-day limit. The proposed definition states "operated more than 180 days". During the second workshop, the District appeared to confirm its intent to use location as the criterion, citing the potential for abuse of the category as the reason.

As currently written, this definition will negate the portable status of a number of pieces of portable equipment. As an example, a single internal combustion engine-driven compressor may be used one day on a pier repair operation, the next day on a water line break miles distant, and on the third day for abrasive blasting on a barracks renovation, again miles away. All of these on the same stationary source, as defined by the District. During the course of a year, a single compressor may be at more than 50 individual job sites on the same base. The same compressor may also be called out to a less complex facility, such as a housing complex or radio receiving installation, to conduct periodic maintenance and is on call for immediate repairs and cannot reasonably wait for District action on an application. This equipment, although truly being used as portable, would lose its portable status under the proposed definition.

Some types of equipment are routinely located at a single source but not necessarily operated every day. For example, equipment at rental yards, if not rented, remains at the yard. If location is retained as the criterion, equipment with less than a 50% rental rate would lose its portable status. Although not the District's intent to disqualify such equipment, that could conceivably be the case. Also, items such as portable cranes, dredges, etc., are located for long periods of time at a home base but, except for maintenance operation, aren't operated. Under the District's interpretation, these would lose their status as portable equipment.

Another factor that doesn't seem to have been taken into account is equipment that may be used at multiple stationary sources on a single day. Under this definition, those types of portable equipment would stand a good chance of losing their portable classification if they are operated at a given stationary source for more than the 180-day maximum, regardless of how many other

stationary sources they might operate at during that time. A routine type of maintenance or repair service can serve as an example; for instance mobile operations servicing oil fields often run a regular route with portable welders and/or compressors. Along the same lines, a portable emission unit, over the course of a year, may operate at a single stationary source in numerous discrete time blocks which aggregate more than 180 days over a year, again with the risk of losing portable status.

For the reasons given above, the District should reconsider the portable equipment definition. Further discussion should be held, if necessary, in hope of revising this definition in such a way that the District's concern for preventing abuses of the portable category and industry's operational necessities can both be satisfactorily addressed.

DISTRICT RESPONSE

The movement of equipment within the same stationary source is not subject to permit modifications. If that equipment operates, or is available to operate, for more than 180 days at the same stationary source, it would be permitted as stationary equipment. However, if such equipment occasionally moves to other stationary sources for brief periods of time, it is also being used as portable equipment. The District will revise the rules to allow such equipment to be permitted temporarily at a different location. This issue is further discussed in the response to comment #158.

87. WRITTEN COMMENT

Rule 20.1(c)(53) should be revised as follows: ..."is dependent upon and affects the process"....

DISTRICT RESPONSE

The District disagrees. However, the definition of "related emission unit" has been deleted from the proposed rules. See also the response to comment # 146.

88. WRITTEN COMMENT

If the whole intent of Rule 20.1(c)(54) is to move the equipment from stationary source to stationary source, why not put this category of equipment into the Class lll portable category and require offsets rather than undergo an entire NSR every time it's moved?

DISTRICT RESPONSE

The intent of Rule 20.1(c)(54) is not to move equipment from one stationary source to another as a standard operating practice, but rather to recognize that stationary equipment is occasionally moved from one source to another and should be credited for the emission reductions that occur at the previous location. Portable equipment, in contrast, is designed to move frequently among many potential stationary sources and the controls required must reflect the need for that portability.

89. WRITTEN COMMENT

Does the District have plans to publish guidelines on how to implement the requirements of Rule 20.1(c)(56)? Emissions that create a significant impact are already counted against the stationary source that emits them, so how does the District propose to administer this without essentially double-counting emissions? Since this definition doesn't specify that the secondary emissions have to be owned or even controlled by a source to count against them, how is a source supposed to account for them? Does the District have an estimate of how many stationary sources it anticipates will be affected by the secondary emissions provisions?

DISTRICT RESPONSE

The inclusion of "Secondary Emissions" in the emissions calculations for a stationary source is not new. It is an EPA requirement that has been in the District's New Source Review rules for at

least 10 years. Its implementation has not been a problem. The District does not foresee any real changes in implementation of the Secondary Emissions requirements as a result of the proposed changes to the New Source Review rules. Sources need to account for them in their emissions calculations and provide offsets if applicable. The District does not have an estimate of how many stationary sources might be affected by the secondary emissions provisions.

90. WRITTEN COMMENT

Although the provisions of Rule 20.1(c)(56)(i) are a federal requirement, there are some concerns over how the District proposes to administer this provision, particularly regarding how to quantify and apportion these emissions. A ton-mile basis? A proportion-of-volume or a proportion-of-weight basis? Where do the emissions first begin to count against the site? Why would emissions from ships and trains count but not those from trucks? If these emissions count against a stationary source, can a bankable reduction be claimed by converting deliveries to trucks prior to entering San Diego County? If not, why? Can emissions be banked from decommissioned ships? If not, why? Since some ships operate within the coastal waters, but not always directly in transit to or from port, at what point do the emissions from ships no longer count against the stationary source?

DISTRICT RESPONSE

The District does not foresee any real changes in implementation of the "Secondary Emissions" requirements as a result of the proposed changes to the New Source Review rules. The inclusion of such emissions in stationary source's emissions calculations has been a requirement of the District's New Source Review rules for at least 10 years and has not been a problem. Emissions reductions which meet the requirements of the District's Banking Rules are eligible for banking.

91. WRITTEN COMMENT

What is a support facility as specified in Rule 20.1(c)(56)(ii)? Does a support facility have to be owned or controlled by the off-site stationary source for emissions to count against them? If an impacted source against which the secondary emissions are being counted terminates its contract with a support facility, can the impacted source bank resulting emissions reductions? If not, why?

DISTRICT RESPONSE

A "Support Facility" is a stationary source that provides support to a project being evaluated and would not have been constructed or otherwise would not have increased emissions if it were not for the project under evaluation. A support facility does not have to be owned or controlled by the project under evaluation for the emissions to be counted as Secondary Emissions. Emissions reductions which meet the requirements of the District's Banking Rules are eligible for banking.

92. WRITTEN COMMENT

It seems as if the emissions referred to in Rule 20.1(c)(56)(iii) are already accounted for in (i) and (ii). The District should explain any differences. If taken literally, this subsection could have a serious impact on operations in the port area.

DISTRICT RESPONSE

Rule 20.1(c)(56)(i) addresses emissions from the propulsion system for ships and trains; (ii) addresses emissions from support facilities; and, (iii) addresses emissions from equipment mounted on a ship, boat, barge, train, truck or trailer.

93. WRITTEN COMMENT

Since the 1990 CAA amendments were adopted less than five years ago, does Rule 20.1(d)(2)(iii)(B) mean that years prior to the adoption of the CAA amendments are excluded from being considered as baseline years for equipment for which RACT requirements now exist? The same comment applies to Rule 20.1(d)(4)(i)(D).

DISTRICT RESPONSE

There is no Rule 20.1(d)(2)(iii)(B). This comment does not seem to apply to Rule 20.1(d)(4)(i)(D).

94. WRITTEN COMMENT

20.1 (d)(4)(ii)(E): The comment at 20.1 (d)(3)(v) is also applicable to this section.

DISTRICT RESPONSE

There is no Rule 20.1 (d)(3)(v).

95. WRITTEN COMMENT

Does Rule 20.1(d)(5)(ii) apply to reductions of emissions from related equipment at other stationary sources? Would such reductions be bankable? If not, why? Does the District have any guidelines on how those will be administered or will that be covered by the pending Rule 26?

DISTRICT RESPONSE

Yes, such reductions would be eligible to be banked if the related unit is on a contiguous property that is part of the same stationary source. Concurrent emission reductions used pursuant to Rule 20.1(d)(5)(ii) would be evaluated as part of the permit application evaluation for the proposed new or modified project.

96. WRITTEN COMMENT

Does the term ..."demonstrate to the satisfaction of the Air Pollution Control Officer"... in Rule 20.2(d)(2) mean, in all cases, that a full AQIA must be performed or does the District anticipate that other demonstrations might be acceptable? Will the District formulate written guidelines as to what constitutes an acceptable demonstration?

DISTRICT RESPONSE

The definition of AQIA in Rule 20.1(c)(4) provides that methods other than modeling may be approved by the APCO and EPA. Written modeling guidelines are published by the EPA. It should be noted that to provide further clarity regarding how the District will determine that a new or modified source will not cause an air quality problem, language will be added to Rule 20.2(d)(2) to specify that this will be done through an AQIA. This language will be added elsewhere in the rules, as appropriate.

97. WRITTEN COMMENT

AQIA's are generally time-consuming and expensive. The District should not adopt in TABLE 20.2 - 1 more stringent standards than those required by state or federal standards in applying triggers for AQIA. The District, in the first workshop report, mentioned that it was proposing more stringent AQIA triggers than either state or federal requirements but didn't give a reason for doing so. What is the District's reasoning behind the proposed more-stringent AQIA triggers?

DISTRICT RESPONSE

The AQIA trigger levels are essentially a carry-over from the current New Source Review rules. AQIA's are necessary to ensure that an emission source will not cause a violation of an air quality standard (i.e. attainment to nonattainment) or significantly exacerbate an existing violation of a standard. The District has evaluated sources with emissions less than the AQIA trigger levels that have been shown through AQIA analysis to have the ability to cause a violation of an air quality standard for which the District is currently in attainment. Operation of these sources have been limited during certain periods as a result. The District strongly believes the current AQIA trigger

levels should be maintained. In addition, AQIAs are used by the District to meet the requirements of state Health and Safety Code Section 42315(a)(1) as it relates to ensuring that a new or modified emission unit will not prevent or interfere with the attainment or maintenance of a state or federal ambient air quality standard.

98. WRITTEN COMMENT

It is suggested that Rule 20.2(d)(2)(vii) be reworded as follows: ..."the Air Pollution Control Officer shall waive the"....This comment is also applicable to Rule 20.4(d)(2)(iv).

DISTRICT RESPONSE

The District disagrees. Rewording Rule 20.2(d)(2)(vii) as suggested would make that section inconsistent with section (d)(2)(iv). However, generally, the District will waive the AQIA requirements for PM_{10} impacts under the specified circumstances.

99. WRITTEN COMMENT

It is suggested that Rule 20.2(d)(4)(ii) be revised to add: "on request of the applicant, the Air Pollution Control Officer shall make immediately available to the applicant copies of all public comments received. If no public comments have been received, the Air Pollution Control Officer, with the concurrence of the applicant, may take final action prior to ten days after the close of the public comment period". This comment is also applicable to Rule 20.4(d)(4)(ii).

DISTRICT RESPONSE

The suggested wording is unnecessary. The applicant can review the application file, including any public comments, at any time before, during or after the public comment period.

100. WRITTEN COMMENT

It is suggested that Rule 20.2(d)(4)(iii) be revised to add the following: "The Air Pollution Control Officer shall furnish proof of publication to the applicant". This comment is also applicable to Rule 20.4(d)(4)(iii).

DISTRICT RESPONSE

The suggested wording is unnecessary. Proof of publication will be included in the application file which can be reviewed by an applicant at any time.

101. WRITTEN COMMENT

Does the District have any estimate of when the VOC/NOx interpollutant offset ratios specified in Rule 20.2(d)(5)(vi) will be determined? The other offset ratios in Table 20.2 - 5 are 1.1:1.0. Why not use that ratio? This comment is also applicable to Rule 20.4(d)(5)(iii).

DISTRICT RESPONSE

The District does not have an estimate of when the VOC/NOx interpollutant offset ratios will be determined. The ratio, if any, will be determined before the rule is implemented. The appropriate ratio will be based on photochemical ozone modeling of the San Diego air basin.

102. WRITTEN COMMENT

Many stationary sources will not have data on past emissions of non-criteria pollutants. In those instances, how will the District determine the amount of increase in non-criteria pollutants as required by Rule 20.3(d)(1)(ii)?

DISTRICT RESPONSE

The applicant will be required to provide records or any other applicable data which may indicate contemporaneous emissions. Some data may be available through the AB 2588 (Air Toxics Hot Spots) program. If no data is available, the District may be forced to assume that baseline emissions are zero.

103. WRITTEN COMMENT

Does the District have any documents that provide guidance on what constitute the acceptable procedures required by Rule 20.3(d)(3)(iv)(A)? If not, will the District develop a guidance document? A written protocol is desirable because the demonstrations required in this and subsequent subsections have the potential to be enormously expensive and time-consuming. Without a protocol, it seems likely that sources will wind up wasting time and resources in conducting unnecessary and/or inappropriate studies.

DISTRICT RESPONSE

Yes. The District has written guidance that is available for use by applicants. However, few sources are expected to exceed the proposed emission thresholds that apply to the PSD program.

104. WRITTEN COMMENT

Rule 20.3(d)(3)(iv)(B) appears to contain a typographic error and is intended to read ... "above by Subsection (d)(3)(iv)(A), shall"....

DISTRICT RESPONSE

The District agrees and will correct the reference to specify Subsection (d)(3)(iv)(A).

105. WRITTEN COMMENT

The language in Rule 20.3(d)(3)(iv), (v), & (vi) appears to go beyond the requirements of the CFR. The proposed requirements, at best, would be difficult, expensive, and time-consuming to fulfill and, due to the use of words such as "all", "may", and "any", these requirements may be impossible to fulfill. The District should consider revising these subsections to conform to the CFR.

DISTRICT RESPONSE

The District has been advised by EPA Region IX that the requirements specified in (d)(3)(iv), (v) and (vi) are necessary to meet the requirements of the PSD program.

106. WRITTEN COMMENT

In theory, all emissions have an adverse impact on air quality. How great an adverse impact does the District anticipate will be allowed before a denial is triggered pursuant to Rule 20.3(d)(3)(vi)(B)?

DISTRICT RESPONSE

The federal Land Manager having jurisdiction over the Class I area of concern develops criteria for determining when an adverse impact occurs and develops applicable air quality related values. These are developed through a public process. It should be noted that this requirement is contained in the District's current NSR rules.

107. WRITTEN COMMENT

Rule 20.3(d)(3)(vii)(B) should be revised to include the specific CFR citation, not just a general reference to the CFR.

DISTRICT RESPONSE
The District agrees and will add a specific reference to 40 CFR 51.100 (ii).

108. WRITTEN COMMENT
It is suggested that Rule 20.3(d)(3)(vii)(C) be revised to read as follows: ..."The requirement for monitoring shall be waived if"....

DISTRICT RESPONSE
The District disagrees. Rewording Rule 20.3(d)(2)(vii) as suggested would make that section inconsistent with section (d)(2)(iv). However, generally, the District will waive the AQIA requirements for PM_{10} impacts under the specified circumstances.

109. WRITTEN COMMENT
Why were the VOC and NOx limits in TABLE 20.3 - 2 lowered from 100 to 25 tons/year?

DISTRICT RESPONSE
The 25 ton per year threshold for VOC and NOx reflects the federal major source definition for a "Severe" ozone nonattainment area pursuant to the federal Clean Air Act. San Diego County is a "Severe" nonattainment area for ozone.

110. WRITTEN COMMENT
Rule 20.3(e)(1) was added at the insistence of EPA as a CAA requirement. How does the District plan on administering this provision in regards to organizations with statewide operations such as facilities owned by the State of California or military installations?

DISTRICT RESPONSE
This requirement is contained in the current NSR rule and is a specific requirement of the federal Clean Air Act. The applicant will be required to certify statewide compliance as is required by Subsection (e)(1).

111. WRITTEN COMMENT
Rule 20.4(a) is worded such that portable emissions units being moved from one stationary source to another automatically become subject to the rule, even if they aren't new or modified. The District should revise this to read: "This rule applies to any new or modified portable emission unit." (Balance of sentence deleted.)

DISTRICT RESPONSE
The District disagrees. Rule 20.4(b) clarifies that only Subsection (d)(2)(i) of Rule 20.4 applies to existing permitted portable equipment, unless such equipment is modified.

112. WRITTEN COMMENT
Why doesn't Rule 20.4(e)(3) allow Type I units to operate at facilities with larger emissions? It is suggested that this subsection be revised to allow operation at other facilities as long Type II offsets have been obtained. This would allow Type I units a maximum degree of operational flexibility while ensuring that there was no net increase in emissions. The proposed rule doesn't seem clear if portable units are locked into a single category or if a given unit can move from type category to type category at will.

DISTRICT RESPONSE

The District assumes the comment should have cited Subsection (c)(3) rather than (e)(3). Assuming this, the Type (category) of portable equipment is at the choice of the applicant and depends on the level of offsets the applicant is willing to provide. An applicant can change the Type that the emission unit is classified under by applying to modify the permit for that unit and providing the required offsets.

113. WRITTEN COMMENT

What exactly does "maximum expected" mean in Rule 20.4(d)(2)? Does this include non-representative days as well as representative days? How far back in time and in advance are these maximum expected contaminant levels supposed to be? Since the requirement says "based on existing data"; does this mean an averaging of daily maximums? Does it mean the absolute highest reading ever achieved? Is the data supposed to be seasonally specific? The District needs to be more specific in its intent here.

DISTRICT RESPONSE

The maximum expected ambient air contaminant concentration is generally based on the highest observed value in the preceding 3 years unless it is determined that the value is no longer representative of expected concentrations. It is not seasonally adjusted since portable equipment use will not be limited to certain seasons.

114. WRITTEN COMMENT

What does the District anticipate will be the basis for triggering the "may be expected to cause or contribute to" provisions of Rule 20.4(d)(2)(ii)? How much, if any, notice will a source have that this is being invoked? Can the District unilaterally invoke this provision against an entire site, or does it have to be done on a permit-by-permit basis?

DISTRICT RESPONSE

The language that allows the District to require an AQIA for an emission unit if it "may be expected to cause or contribute to" a violation of an air quality standard is contained in the current NSR rules. Its application has not been a problem. Generally, the basis for triggering this requirement will be for cases where background ambient air concentrations have increased or actual emissions from an emission unit are greater than previously evaluated. An AQIA could also be required in cases where there is an unusual relationship between the emission unit and adjacent topography (e.g. a stack plume impacting an immediately adjacent hillside).

115. WRITTEN COMMENT

The comment provided in regards to Rule 20.2(d)(2)(vi) is applicable to Rule 20.4(d)(2)(iv).

DISTRICT RESPONSE

No comment was made regarding Rule 20.2(d)(2)(vi).

116. WRITTEN COMMENT

The comment provided in regards to Rule 20.2(d)(4)(ii) is applicable to Rule 20.4(d)(4)(ii) as well.

DISTRICT RESPONSE

This is similar to written comment #99 and has been addressed in the response to that comment.

117. WRITTEN COMMENT

The comment provided in regards to Rule 20.2(d)(4)(iii) is applicable to Rule 20.4(d)(4)(iii) as well.

DISTRICT RESPONSE

This is similar to written comment #100 and has been addressed in the response to that comment.

118. WRITTEN COMMENT

The comment provided in regards to Rule 20.2(d)(5)(vi) is applicable to Rule 20.4(d)(4)(iii) as well.

DISTRICT RESPONSE

This is similar to written comment #101 and has been addressed in the response to that comment.

119. WRITTEN COMMENT

From comments at the second workshop, the District plans on revising the recordkeeping provisions of Rule 20.4(d)(5)(iv)(A)(1). The District may wish to consider that the recordkeeping requirement for duplicative information to be entered every day for each and every unit in the pool, without regard as to whether it actually operates on any given day, creates an expensive administrative burden and an enormous amount of paperwork. This section could be revised to allow the duplicative information that applies to the entire pool to be centrally held and the unit specific information, such as hours of operation, to be maintained on a unit-by-unit basis.

Perhaps the detailed recordkeeping provisions could be relaxed somewhat if the pool usage is maintained below a certain percentage of the offset allowance, 75% for example, with more detailed recordkeeping requirements that automatically take effect if the pool usage exceeds the predetermined margin. This would offer maximum flexibility to operators; would provide a safety margin so that the District could be reasonably confident that the offset amounts weren't being exceeded; and would provide an incentive to the operator to maintain the same safety margin in order to avoid the administrative burden.

DISTRICT RESPONSE

Daily records of the location of each portable unit deployed and available for use are required to be kept only by the permit holder. They are not also required to be kept with the equipment. Records of hours of operation are also not required. These daily records are needed to ensure the integrity of the offset program. In the future, the District will consider an offset safety margin for the purpose of reduced recordkeeping on a case-by-case basis.

120. WRITTEN COMMENT

What information that isn't already available will the requirements of Rule 20.4(d)(5)(iv)(A)(2) provide? The annual log seems to provide another recordkeeping layer without substantively enhancing overall compliance. Along the same lines as the proposal immediately above, perhaps the report could be waived if the source never exceeded the usage safety margin during the course of the preceding year. This would simplify recordkeeping burdens for those permittees that the District has less to worry about and require more detailed information for those operators for which the District would probably have the greatest concern. The lack of the yearly reporting requirements would provide another incentive to maintain a significant margin in the offsets, enhancing the likelihood of continued compliance.

DISTRICT RESPONSE

The annual compliance log is necessary as part of the District's demonstration that the offset program is meeting the requirements of the California Clean Air Act. If permit holders do not prepare the annual summaries themselves, the District will be required to do this with the resulting costs reflected in increased permit fees.

121. WRITTEN COMMENT

California Environmental Quality Act (CEQA): In the first workshop, the District received comments regarding the CEQA documentation required by law and socioeconomic impacts of the proposed rule. The District hadn't completed any CEQA documentation at that time. The workshop report said that the preliminary analysis would be completed as soon as possible. As of the date of the second workshop, almost ten months later, none of the CEQA documentation, not even a preliminary analysis, has been completed.

CEQA documentation is mandated by state law and must be completed by the District. CEQA also provides for a public comment period after the documentation is completed and made public. The District should complete the legally required documentation, make it public, and provide for public comments prior to adoption of any of proposed revisions to the NSR rules.

The District should consider a third workshop to be held after the CEQA and socioeconomic impact requirements have been fulfilled by the District. At the third workshop, any further proposed revisions to the NSR rules and CEQA issues could be addressed.

DISTRICT RESPONSE

The District will comply with all CEQA and socioeconomic impact assessment requirements in state law. A public comment period will be provided in response to these requirements before the NSR rules are adopted. The District does not believe a third workshop to discuss these issues is necessary as long as adequate opportunity for public comment is provided. However, the District will give additional consideration to this request.

122. WRITTEN COMMENT

The District has stated in the past that it will develop a BACT manual. Does the District have an anticipated time frame that it will publish and make available written BACT guidelines? In the second workshop, the District seemed to indicate that it prefers to use manuals issued by other agencies instead of developing its own.

DISTRICT RESPONSE

The District will continue to rely on already published BACT and LAER reports. These reports are available for review at the District. The District is still considering whether it can produce its own BACT/LAER list for the most frequently evaluated equipment/process types. This will be done in cooperation with local industry and as part of permit streamlining efforts.

123. WRITTEN COMMENT

The District has given specific dollar amounts per pound of specific pollutants as cost-effectiveness values. How are these specific dollar amounts per pound arrived at? Does the District have a written protocol for calculating these amounts? What specific conditions trigger recalculations of the cost-effectiveness values? How often are the cost-effectiveness values recalculated?

DISTRICT RESPONSE

This is similar to written comments #80 and #128 and has been addressed in the responses to those comments.

124. WRITTEN COMMENT

Rule 20.1(b)(1) requires that emissions from units which are required to obtain a permit solely due to a change in Rule 11 must be included in the calculation of a stationary source's aggregate potential to emit. Is it correct that based on the proposed language for Rule 20.3, neither BACT nor offsets would be required for such emission units since they would neither be a new emission unit nor a modified emission unit?

DISTRICT RESPONSE

This is correct.

125. WRITTEN COMMENT

Rule 20.1(b)(2) exempts from review certain changes in operation at a stationary source. These changes include increases in hours of operation or use of an alternative fuel or raw material, provided such changes are not prohibited by permit conditions. However, the exemption does not apply if the change results in an increase in emissions. The District's intent seems to allow increases in hours of operation or changes in fuel, where not prohibited by permit conditions, as long as there is no increase in emissions above permitted levels. Under the currently proposed language a source would have to seek approval for use of an alternate fuel, or increases in hours of operation, even if such changes were allowed by permit conditions and emissions remained below permitted levels. To clarify this condition, the first sentence of Rule 20.1(b)(2) should be revised to read: "The following changes, unless previously limited by permit conditions. If not limited by permit conditions, the following changes shall be exempt only if there is no emission increase above permitted levels of any air contaminant including those not previously emitted: "

DISTRICT RESPONSE

The District will revise the definition of "Modified Emission Unit" to clarify that changes in production (hours of operation or use of an alternative fuel or raw material) will not be considered a "Modification" if they are not contrary to permit conditions. In addition, Rule 20.1(b)(2) will be revised to read as follows: "The following changes, unless previously limited by permit conditions. If not limited by permit conditions, the following changes shall be exempt only if there is no increase in the potential to emit of any air contaminant, including those not previously emitted:"

126. WRITTEN COMMENT

Under Rule 20.1(b)(5) applications for major stationary sources would be subject to the revised new source review rules even if these applications had been deemed complete well before the new rules were adopted. This seems to add a major element of uncertainty to the permitting process and in not consistent with how other districts address this issue. Rule 20.1(b)(5) should be modified to provide that applications deemed complete prior to the date of adoption of the new rule would be subject to review under the existing rule. In order to address concerns raised by the District about a "rush" to obtain permits prematurely, "grandfathered" permits should be limited to projects which begin construction within two years of issuance of an Authority to Construct. Under this approach, some major source applications processed under the existing rule may be reviewed by EPA for compliance with the 1990 federal Clean Air Act amendments. Rule 20.1(b)(5) should be revised as follows:

Permit applications for Authority to Construct or modified Permit to Operate received on or before (date of adoption), provided that:

(i) the application was deemed complete before (date of adoption), and

(ii) construction pursuant to an Authority to Construct will be commenced within two years after issuance of the Authority to Construct. For the purposes of this section, construction is defined to mean the construction of foundations for the emission units approved under the

Authority to Construct. The applicant shall provide a construction plan that demonstrates to the satisfaction of the Air Pollution Control Officer that significant construction will commence within the required time period.

Such applications shall be subject to the provisions of Rules 20.1, 20.2, 20.3, 20.4 and 20.7 as they were in effect prior to (date of adoption).

DISTRICT RESPONSE

At the workshop, the District stated it decided to allow up to 12 months for construction after an Authority to Construct is issued for applications determined to be complete on the date of adoption of the NSR rule changes. It was further stated that the District could extend the Authority to Construct for good reason, on a case-by-case basis, if (1) litigation prevents construction within the 12 month time period, or (2) the project complexity warrants such an extension. The District intends to revise the NSR rules to incorporate this approach to extending allowable construction periods on a case-by-case basis. Language will be added to the rule to clarify how the grandfathering provisions will work for applications deemed complete by the date of adoption of the NSR rule amendments. This will include a provision allowing applicants for such projects to elect to be evaluated under the NSR rules in existence when the application was deemed complete.

New major sources and major modifications for which applications were deemed complete after November 15, 1992 and received at least 31 days prior to adoption of the revised New Source Review rules will be evaluated under the current New Source Review rules unless the applicant elects to be evaluated under the revised rules. In this latter case, the applicant will be advised of any federal New Source Review requirements which may apply but which are not reflected in the current New Source Review rules.

127. WRITTEN COMMENT

District RACT and BARCT rules will require the installation of emission control systems which, in turn, will result in emissions of their own. Under the currently proposed rules, a source would be subject to BACT and would be required to provide offsets for emissions increases associated with the installation of mandated abatement equipment. This is unfair since the only reason for the installation of the abatement equipment is a District rule. Other California districts have exempted emissions from abatement equipment from BACT and offset requirements. The District should do likewise and address such increases in its air quality plan for attaining the standards. To accomplish this, a new Rule 20.1(b)(6) should be added to read as follows:

(6) Emissions from abatement equipment shall not be subject to the BACT provisions of Rules 20.2(d)(1) or 20.3(d)(1), or to the offset provisions of Rules 20.2(d)(5) or 20.3(d)(5), if the abatement equipment is installed to comply with District, State (BARCT), or federal (RACT) requirements.

DISTRICT RESPONSE

The District is responsible to ensure new and modified sources meet the BACT and offset requirements of the California Clean Air Act. The District has agreed (with certain qualifications) to use emission reduction credits in the District's Community Bank to provide offsets for emissions increases from abatement equipment installed solely to comply with District rules or regulations. The availability of such emission reduction credits in the Community Bank will be limited. Therefore, in order to maximize their availability for use as offsets for abatement equipment emission increases, the District will not use such credits to provide offsets for emission reductions that would be achieved by applying BACT. The District will not propose an additional exemption from BACT requirements.

128. WRITTEN COMMENT

The District should issue a formal guideline, approved by the District Board on an annual basis, which will serve to define the cost-effectiveness limits for BACT determinations until the guidelines are amended by the Board. This relates to Rule 20.1(c)(14).

DISTRICT RESPONSE

The cost-effectiveness limits associated with BACT will be applied as they currently are with the existing New Source Review rules. They are intended to change with time depending on control equipment costs and associated emissions reductions for the various projects reviewed by the District. The District does not believe it would be appropriate to establish set cost-effectiveness limits that would be restricted from changing for a year's time. The current process of revising cost-effectiveness limits as the cost-effectiveness for specific projects changes works well. However, the District will include a listing of the current cost-effectiveness values with the BACT/LAER guidance it intends to issue for public use. This listing will be revised as appropriate.

129. WRITTEN COMMENT

Rule 20.1(c)(40) defines particulate matter based on a general reference to ARB test methods (The reference seems to be in error). The interpretation of test results needs to be clarified. The District also needs to address the fact that Method 5 results in artifact formation of particulate sulfates from gaseous ammonia and gaseous sulfur dioxide under certain circumstances. This can be addressed by revising Rule 20.1(c)(40) as follows or by District policy:

(40) "Particulate Matter (PM_{10})" means particulate matter with an aerodynamic diameter less than or equal to a nominal 10 microns as measured by an applicable reference test method or ARB Source Test Methods 5 and 501, using the filter, probe, and impinger catch and the solvent extract, as those terms are defined in ARB Method 5, and excluding any material that the District determines is likely to have been formed by the reaction in the impingers.

DISTRICT RESPONSE

The District generally agrees. The definition for "Particulate Matter (PM_{10})" will be revised to reference methods found in CCR, Title 17, Division 3, Chapter 1, Subchapter 8, Article 2, Section 94100 et seq or by any applicable test method approved by the Air Pollution Control Officer. This reference incorporates ARB Methods 5 and 501.

130. WRITTEN COMMENT

Rule 20.1(c)(48) defines a "project" to be an individual emission unit (in its current form, it is somewhat redundant). There are several instances where offsets are required, or a modeling analysis is required, or trigger levels are applied, for an emission unit. In those cases the requirements should be applied to the aggregation of emission units which are the subject of a permit application. Otherwise air quality significance levels would be applicable to each individual emission unit. The definition of project should be revised to reflect the aggregation of emission units covered by an application as follows:

(48) "Project" means an emissions unit or aggregation of emission units for which an application for Authority to Construct or modified Permit to Operate is under District review.

The references to "emission unit" in the following rule sections should be replaced with the term project: 20.1(c)(56), 20.2(d)(2)(i, v, vi), 20.2(d)(3), 20.2(d)(5)(i)(A, B), 20.2(d)(5)(ii)(A, B), 20.3(d)(2)(i, v, vi), 20.3(d)(3)(i)(B), 20.3(d)(5)(i)(A, B), 20.3(d)(5)(ii)(A, B), and 20.3(d)(5)(iii)(A, B).

DISTRICT RESPONSE

The District agrees with the proposed definition and will replace the term "emission unit" with "project" in the following subsections:

Rule 20.2(d)(2)(i), (ii), (iii), (iv), (v), (vi)
Rule 20.2(d)(3), (d)(3)(i)
Rule 20.2(d)(4) - first paragraph only.
Rule 20.2(d)(5) - first paragraph only.
Rule 20.3(d)(2)(i), (ii), (iii), (iv), (v), (vi)
Rule 20.3(d)(3), first paragraph, (d)(3)(i)(B), (d)(3)(iii)(A), (d)(3)(iv)(A)
Rule 20.3(d)(4) - first paragraph only.
Rule 20.3(d)(5) - first paragraph only.

In addition, the District has replaced the term "Emission Unit" with "Project" in other proposed rule provisions where appropriate.

131. WRITTEN COMMENT

Under Rule 20.1(c)(56), secondary emissions are defined as certain types of emissions which would result in a significant impact within a project's impact area. A clarification should be made that the analysis of whether there is an significant impact should apply to the secondary emissions alone as follows:

(56) "Secondary Emissions" means emissions which alone would result in a significant impact in the impact area of the project and which emissions would occur as a result of the construction, operation or modification of a major stationary source, but which are not directly emitted from any emission unit at the stationary source. ...[no further changes].

DISTRICT RESPONSE

The definition of secondary emissions will be modified to more closely reflect the federal definition. The references to significant impacts in the definition of secondary emissions will be deleted.

132. WRITTEN COMMENT

Rule 20.1(d)(2)(iii) provides a method for calculating emissions from sources which have been operated less than two years. However, the method results only in the calculation of daily emissions, while various rules require hourly and/or annual emissions values as well. This section should be modified as follows to provide a calculation method for all three averaging periods used in the rules:

(iii) For Purposes of Actual Emission Reductions

For determining actual emission reductions, actual annual emissions for emissions units operated for a period less than two years shall be calculated as the unit's actual emissions divided by two years; actual daily emissions shall be calculated as the unit's actual emissions times the actual operating time period in days divided by 730 days; and actual hourly emissions shall be calculated as actual daily emissions divided by 24 hours.

DISTRICT RESPONSE

The District disagrees with the proposed language. Actual emission reductions need only be determined on a yearly basis since emission offsets are required only on a yearly basis. There is not need to calculate hourly or daily emission rates. However, the cited provision will be changed to clarify that the result of the calculation would be a yearly, prorated actual emission reduction. In addition, an error in the formula will be corrected.

133. WRITTEN COMMENT

Rule 20.1(d)(5)(v) restricts offsets to sources located within San Diego County. Emission sources located in adjacent portions of Mexico and in the South Coast Air Basin can have an impact on air quality in San Diego County. The location of offsets should be expanded to include all areas covered by the District's modeling domain for purposes of the SIP. To ensure such offsets are acceptable, it is proposed that such offsets must be acceptable to ARB, EPA and the District. This can be accomplished as follows:

(v) Emissions offsets shall be located in San Diego County. Upon approval from the District, emissions offsets may be obtained from sources outside of San Diego County, but within the geographic area covered by the air quality modeling analysis prepared by the District for inclusion in the State Implementation Plan, provided the written approval of the California Air Resources Board and U.S. Environmental Protection Agency are obtained.

DISTRICT RESPONSE

Both the California Air Resources Board and the EPA have stated they will not approve emissions offsets from out of the United States. In addition, both agencies have stated that any emissions offsets from the South Coast Air Quality Management District would have to provide air quality benefits to the San Diego Air Basin at all times. Both agencies have further stated that they believe offsets from the South Coast Air Quality Management District will benefit the San Diego Air Basin only during periods when air pollution is transported from the South Coast Air Quality Management District to the San Diego Air Basin and would not provide benefits to the San Diego Air Basin during periods when transport does not occur. Therefore, offsets from the South Coast Air Quality Management District would not be approvable. Accordingly, the District will not revise its NSR rules as suggested. If EPA and the Air Resources Board reconsider this issue at a later time, the District will also reconsider revising its rules as suggested.

134. WRITTEN COMMENT

Rule 20.2(d)(2)(i, ii, and iii) may be confusing since it could appear to refer to particulate matter which is formed in the atmosphere although not present in stack gases. To clarify the District's intent and in consideration of the revised definition of particulate matter, these sections should be deleted.

DISTRICT RESPONSE

Rule 20.2(d)(2)(i, ii, and iii) will be revised to clarify the District's intent to consider only the PM in the modeling that would show up in source testing. It was not to assume that all precursors would eventually convert to PM and use those emissions in the modeling. Rules 20.3 and 20.4 will be similarly revised. Further discussion of this issue is contained in the response to Comment #36.

135. WRITTEN COMMENT

Rules 20.2 and 20.3 may require a source to perform an air quality impact analysis to demonstrate it will not "cause or contribute to a violation of an ambient air quality standard" - a demonstration which is impossible if the source results in an increase in emissions and the area already experiences exceedances of the applicable air quality standards. Even if the source provides contemporaneous emission reductions on-site, a dispersion modeling analysis would almost certainly find some areas where the emissions from the new or modified source result in an increase in ambient concentrations despite the presence of contemporaneous reductions from other sources at the same site.

While the District has proposed to allow sources to cause an increase in ambient PM_{10} levels which is below a de minimus level of $5ug/m^3$, some sources when equipped with BACT may still exceed that level under worst case meteorological conditions.

The District's new source review policy should be an emissions management strategy which relies on offsets, and not on dispersion modeling analyses. The District's concern about exacerbating existing violations or creating new violations where there were none is understood. However, dispersion modeling tools remain too conservative to accept the regulatory burden envisioned under the proposed rules.

The District should allow air quality improvements shown by dispersion modeling analysis to be nearby the location of the increased concentrations attributable to a project should be subtracted from those increases prior to drawing a conclusion regarding the net impact. A project which results in an increase which is not significant (as defined in the District's rules) should be found to not cause or contribute to a violation. These changes would recognize the uncertainties in the modeling analyses, yet would allow for a more realistic balancing of the increases and decreases in ambient concentrations associated with a project. To accomplish this the District should add the following definition of "cause or contribute" to Rule 20.1:

"Cause or contribute" means:

(i) for attainment pollutants, that a project will result in an increase in ambient concentrations which, when added to existing background concentrations of that pollutant within the project's impact area, will cause a violation of a state or national ambient air quality standard.

(ii) for nonattainment pollutants, that a project will result in a significant impact. In determining whether a project will cause or contribute to a violation of a state or national ambient air quality standard, the applicant may subtract from the modeled increase in ambient concentrations associated with contemporaneous emission reductions or offsets which is located within the project's impact area.

DISTRICT RESPONSE

Other comments were received (refer to Comment #147) that the "cause or contribute" language goes beyond the requirements of state law [Health and Safety Code Section 42301(a)] which provides that permitted sources not "prevent or interfere with the attainment or maintenance of any applicable air quality standard." The District agrees that the Health and Safety Code language is narrower and can be more clearly interpreted, and will revise the proposed NSR rules accordingly.

The District also received comments (refer to Comment #148) suggesting a more flexible approach to allowing emission offsets to be used to mitigate ambient air quality impacts of a project than is currently proposed. The District is concerned that such an approach not create local impacts that pose significant risks to public health, or create a public nuisance, or allow violations of an ambient air quality standard in an area ("clean pocket") that is currently in attainment of that standard. This latter concern is significant since the San Diego Air Basin is in attainment of the state and national ambient air quality standards for SO_2, lead, NO_2 and potentially CO, and in attainment of the national ambient air quality standards for PM_{10}. In addition, some areas of the County also meet the state ambient air quality standards for PM_{10}.

Based on the foregoing and suggestions received, the District will revise the wording of the proposed NSR rules to provide that:

- When an AQIA is required, the applicant must demonstrate that the emissions increases from the proposed project will not prevent or interfere with the attainment or maintenance of any applicable air quality standard.

- This demonstration must show that the project will not result in the exceedance of any applicable air quality standard when the background ambient air concentration of the applicable pollutant does not already exceed the applicable air quality standard.

- This demonstration must show that the project will not result in any additional exceedances of any applicable national ambient air quality standard when the background ambient air concentration exceeds the applicable national ambient air quality standard.

- This demonstration must show that the project will not result in an ambient air quality impact for PM_{10} in the project impact area having a background ambient air concentration above the state ambient air quality standard, greater than ten percent of the applicable state ambient air quality standard and the applicant has offset emissions from the project at a minimum offset ratio of 2.0 to 1.0. An ambient air quality impact up to twenty percent of the applicable state ambient air quality standard may be approved if the applicant:

    - has applied BACT to the project without consideration for cost-effectiveness, and

    - has provided offsetting emission reductions at a ratio of 2.0 to 1.0 and made all reasonable efforts to reduce the impacts of the project, and

    - has provided offsetting emission reductions within the project impact area at a ratio of at least 1.0 to 1.0 and has located within the project impact area an offsetting emission reduction having an off-site air quality impact for the applicable pollutant at least equal to the extent to which the project ambient air quality impact exceeds ten percent of the applicable state ambient air quality standard.

The District anticipates that these latter provisions will only apply to areas of the County which are non-attainment for the state PM_{10} ambient air quality standards.

136. WRITTEN COMMENT

Is it still the District's intent to revise Rule 20.1(d)(1) to require the Potential to Emit calculation to be done only on a pounds per day and tons per year basis?

DISTRICT RESPONSE

No, Rule 20.1(d)(1) requires the Potential to Emit calculation to be done on an hourly, daily and yearly basis.

137. WRITTEN COMMENT

It is recommended that the District not require modeling for the annual PM_{10} standard in all cases but rather, retain the right to require such modeling on a case-by-case basis. The District should also retain the right to require further mitigation to reduce annual impacts where it determines this is necessary to meet the annual impact threshold.

DISTRICT RESPONSE

An industry association whose major interest is in PM_{10} requirements strongly suggested that the District include a requirement that an analysis be done to ensure that the state annual PM_{10} standard was protected. The District agreed because the state annual PM_{10} standard is exceeded in some areas of San Diego County and is close to being exceeded in other areas. AQIA's are necessary to ensure additional exceedances do not occur.

138. WRITTEN COMMENT

The NOx and VOC major source thresholds in Rule 20.3 should be automatically increased if EPA reclassifies the San Diego Air Basin from a "Severe" to a "Serious" nonattainment area for ozone.

DISTRICT RESPONSE

The District agrees and will revise the rules to accomplish this and make clean-up changes.

139. WRITTEN COMMENT

The District should develop a separate New Source Review rule for SIP submittal purposes that is the minimum necessary to meet federal requirements.

DISTRICT RESPONSE

The District agrees and will ask its legal counsel to provide guidance on how to accomplish this. The proposed changes to the NSR rules currently being discussed focus on meeting both state and federal requirements.

140. WRITTEN COMMENT

The District should include in its Community Bank excess emissions obtained from the 2:1 offset ratio for PM_{10}. It should be clarified that such credits may be used on an interpollutant basis. The District should also consider whether some portion of emissions reductions from retired permits may be surplus to attainment demonstrations and may be eligible for inclusion in the District's Community Bank.

DISTRICT RESPONSE

The District agrees and will give such consideration as suggested.

141. WRITTEN COMMENT

It should be clarified that access to the District's Community Bank would be limited to existing sources that are required to modify their operations in response to new District rules, or to new permit conditions that implement state or federal requirements.

DISTRICT RESPONSE

The District generally agrees with this suggestion. However, the District's Community Bank will also be used to demonstrate compliance with the no-net-increase requirements of the California Clean Air Act and for new essential public services will also be eligible for emission offsets from the Community Bank if certain specified conditions are met.

142. WRITTEN COMMENT

The "grandfathering" provisions of Rule 20.1(b)(5) should be expanded to include modifications at major sources if the application for the modification was deemed complete by November 15, 1992, consistent with EPA requirements.

DISTRICT RESPONSE

This is similar to written comment #126 and has been addressed in the response to that comment.

143. WRITTEN COMMENT

Additional specification in Rule 20.1(b)(5) of construction time limits for "grandfathered" projects may be necessary to meet EPA requirements. EPA guidance requires that construction begin within 18 months from permit issuance, that it not be discontinued for more than 18 months and that it be completed within a reasonable time.

DISTRICT RESPONSE

This is similar to written comment #126 and has been addressed in the response to that comment. It should be noted that, based on many years of experience, the District expects most projects to be completed within the 12 month period currently provided on an automatic basis by District rules. Where a longer period is necessary or requested, the District will consider EPA guidance in granting such a request.

144. WRITTEN COMMENT

Major modifications at major stationary sources, for which applications were deemed complete after November 15, 1992 but before the effective date of these revised rules, should be processed under existing rules but with attention to additional requirements mandated by federal law. At a minimum, the District should specify by policy that "grandfathering" for major stationary sources be limited to applications deemed complete by November 15, 1992.

DISTRICT RESPONSE

This is similar to written comment #126 and has been addressed in the response to that comment.

145. WRITTEN COMMENT

The District should clarify that the starting point for offsets for NOx, VOC, PM_{10}, SOx and CO is the point at which emissions from a stationary source cross the state-mandated threshold of 15 tons per year. The language in Rules 20.2(d)(5)(i, ii, and iii) and 20.3(d)(5)(i, ii, and iii) appears to apply to the entire increase at a stationary source that has gone over the 15 ton per year threshold, even if only a portion of that increase pushed the source over that threshold. ARB has provided suggested language in the Mojave District NSR comments that would accomplish this.

DISTRICT RESPONSE

The District agrees that only that portion of an emissions increase that pushes a source over the 15 ton per year threshold must be offset and will revise the Rules 20.2(d)(5)(i, ii, and iii) and 20.3(d)(5)(i, ii, and iii) to clarify this.

146. WRITTEN COMMENT

It is understood that the District introduced the "Related Emissions Unit" concept in the NSR rules to prevent abuses of the "Stationary Source" definition. The following alternative to this approach has been provided for District consideration that would add a new section to Rule 60 (Circumvention) to similarly prevent the abuses contemplated by the District. If this alternative approach is acceptable, the District should delete the term "Related Emission Unit" from the rule, including the reference to it in the "Stationary Source" definition.

"(b) Circumvention of NSR by Ownership Arrangements

For purposes of Rule 20.2 and 20.3, new or modified emission units and other emission units that are not under common ownership or entitlement to use, but which are located or proposed to be located on the same or contiguous property, may be aggregated by the District and designated as a single stationary source, if treatment of such new or modified units as a separate stationary source would prevent application of any requirement of Rule 20.2 and 20.3, provided such new or modified

units are substantially related to each other or to the other emissions units in actual operation, and provided that ownership arrangements or ownership history includes at least one of the indicators of a potential intent to circumvent the requirements of Rule 20.2 or 20.3 that is set out below.

For purposes of this rule, units are substantially related if the operation of a new or modified unit is typically dependent upon a related unit (or vice versa), or the output of a new or modified unit will typically or frequently be used as the input to a related unit (or vice versa), or if the location of the units on the same or contiguous property results in substantial benefits to the owner of the units that could not be achieved without such proximity. Units which only produce electricity shall not be considered to be related to units using such electricity, if the units using such electricity are also to be operated on electricity purchased from a public utility.

For purposes of this rule, a potential intent to circumvent the requirements of Rule 20.2 or 20.3 exists if at least one of the following circumstances exists:

(i) Ownership of a modified unit previously under common ownership was transferred to another person within one year prior to the submission of an application to the District for an authority to construct or permit to operate for the modified unit, without a substantial change in the use of the unit concurrent with the change in ownership; or

(ii) Arrangements for lease or other payments, or prices for transfers of materials, between the owner of a new or modified unit and the owner of a substantially related unit do not reasonably reflect fair market values; or

(iii) The owner of the new or modified unit is not the operator of that unit, and is entitled to receive payments from the owner of a substantially related unit that are not dependent upon the actual use, performance or availability of the new or modified unit; or

(iv) The owner of a new or modified unit, or the owner of a substantially related unit, or a parent, subsidiary, or other entity related to either owner, owns or operates within San Diego County facilities similar to the unit or units that are separately owned at the site in question; or

(v) The new or modified unit functions substantially as a replacement for a similar unit or units that were part of a single stationary source, and the new or modified unit is by contract or in practice substantially dedicated to meeting the needs of that stationary source; or

(vi) The new or modified unit has been, is being or is likely to be used at different times by the owner of the new or modified unit and the owner of a substantially related unit.

Any two units that may be aggregated with a third unit under the conditions set out above may also be aggregated with each other.

The District may require applicants and other holders of permits to operate who may be affected by this rule to provide such documentation or other information as the District deems necessary to effectively apply this rule.

DISTRICT RESPONSE

The District has discussed this proposal for addressing potential abuses of the "Stationary Source" definition with the author. As a result, the District has made a few changes to the proposed language and agreed to use this approach to address potential abuses. The use of "Related Emission Unit" is being abandoned. The District has not included the language (end of paragraph 2) that specifies that units producing electricity would not be considered related emission units. However, the District has agreed to revisit this issue if it can be shown that the use of such units will provide a real and permanent air quality benefit to the San Diego air basin.

It should be noted that the District intends to apply the proposed new provisions of Rule 60 only to those applications for Authority to Construct for which the District suspects there is a possible (or future potential) abuse of the "Stationary Source" definition. The District will not apply Rule 60 on a routine basis. It should also be noted that if the District determines that the application of Rule 60, as proposed, is not effective in addressing abuses of the "Stationary Source" definition, it will give strong consideration to proposing revisions to the New Source Review rules to address this problem through the application of the "Related Emission Unit" concept, as originally proposed, or other appropriate approach. The District's proposed changes to Rule 60 are as follows:

"(b) Circumvention of NSR by Ownership Arrangements

For purposes of Rules 20.1, 20.2 and 20.3, new or modified emission units and other emission units that are not under common ownership or entitlement to use, but which are located or proposed to be located on the same or contiguous property, may be aggregated by the District and designated as a single stationary source, if treatment of such new or modified units as a separate stationary source(s) would prevent application of any requirement of Rules 20.1, 20.2 ~~and~~ or 20.3 to either source, provided such new or modified units are substantially related to each other or to the other emissions units in actual operation, and provided that ownership arrangements or ownership history includes at least one of the indicators of a potential intent to circumvent the requirements of Rules 20.1, 20.2 or 20.3 that is set out below.

For purposes of this rule, units are substantially related if the operation of a new or modified unit is typically dependent upon ~~a related~~ another unit (or vice versa), or the output of a new or modified unit will typically or frequently be used as the input to ~~a related~~ another unit (or vice versa)~~;~~ . ~~or if the location of the units on the same or contiguous property results in substantial benefits to the owner of the units that could not be achieved without such proximity. Units which only produce electricity shall not be considered to be related to units using such electricity, if the units using such electricity are also to be operated on electricity purchased from a public utility.~~

For purposes of this rule, a potential intent to circumvent the requirements of Rules 20.1, 20.2 or 20.3 exists if at least one of the following circumstances exists:

(i) Ownership of a modified unit previously under common ownership was transferred to another person within one year prior to the submission of an application to the District for an authority to construct or permit to operate for the modified unit, without a substantial change in the use of the unit concurrent with the change in ownership; or

(ii) Arrangements for lease or other payments, or prices for transfers of materials, between the owner or operator of a new or modified unit and the owner or operator of a substantially related unit do not reasonably reflect fair market values; or

~~(iii) The owner of the new or modified unit is not the operator of that unit, and is entitled to receive payments from the owner of a substantially related unit that are not dependent upon the actual use, performance or availability of the new or modified unit; or~~

~~(iv) The owner of a new or modified unit, or the owner of a substantially related unit, or a parent, subsidiary, or other entity related to either owner, owns or operates within San Diego County facilities similar to the unit or units that are separately owned at the site in question; or~~

(iii) The owner or operator of the new or modified unit will receive payments from the owner or operator of a substantially related unit which payments are related to the operation of the new or modified unit; or

(iv) The owner or operator of the new or modified unit will make payments to the owner or operator of a substantially related unit which payments are related to the operation of the substantially related unit; or

(v) The new or modified unit functions substantially as a replacement for a similar unit or units that were part of a single stationary source, and the new or modified unit is by contract or in practice substantially dedicated to meeting the needs of that stationary source; or

(vi) The new or modified unit has been, is being or is likely to be used at different times by the owner/operator of the new or modified unit and the owner/operator of ~~a substantially related unit~~ any other unit on the same or contiguous property.

Any two units that may be aggregated with a third unit under the conditions set out above may also be aggregated with each other.

The District may require applicants and other holders of permits to operate who may be affected by this rule to provide such documentation or other information as the District deems necessary to effectively apply this rule. The District may add conditions to an Authority to Construct and Permit to Operate to ensure that none of the circumstances set forth above related to the potential intent to circumvent the requirements of Rules 20.1, 20.2 or 20.3 will exist in the future.

147. WRITTEN COMMENT

The stated standard in Rules 20.2 and 20.3 for an acceptable project where AQIA thresholds are exceeded is a demonstration that "the new or modified emission unit will not cause or contribute to a violation of any state or national ambient air quality standard and not interfere with the attainment or maintenance of those standards." State law only requires that permit units not "prevent or interfere with the attainment or maintenance of any applicable air quality standard." There do not appear to be any direct federal regulatory constraints on permitting sources of nonattainment pollutants in nonattainment areas based on the results of source-specific AQIAs. The federal focus is on mitigation through offsets. The "prevent or interfere" standard is more appropriate for the NSR rule than the "cause or contribute" standard and should be adopted throughout the NSR rules. A "prevent or interfere" standard would provide flexibility to support NSR provisions setting emissions thresholds for AQIA analysis, and impact thresholds for PM_{10}. It could also provide a basis for allowing PM_{10} releases that were greater than de minimus, if mitigation measures were sufficient to improve the overall PM_{10} posture of the air basin.

DISTRICT RESPONSE

This comment is similar to written comment #135 and has been addressed in the response to that comment.

In addition, the commentor provided several examples of how projects would be evaluated under the air quality impact analysis (AQIA) requirements of the proposed rules and asked whether these examples misstate how the District intends to apply these requirements. Those examples, and the District's response to each, are as follows:

- "Projects that emit NOx or SOx and trigger AQIA will be approved unless they cause a new violation of an ambient standard for NO_2 or SO_2 at or beyond the facility boundary."

  This is correct with the exception that such projects must also show compliance with all other applicable requirements of the District's rules and regulations, in addition to meeting this AQIA test.

- "Projects that emit CO and trigger AQIA will be approved unless they cause a new CO violation at or beyond the facility boundary, or create conditions that are likely to lead to CO violations in the future that would jeopardize attainment status for the area."

  This is correct with the exception that such projects must also show compliance with all other applicable requirements of the District's rules and regulations, in addition to meeting this AQIA test.

- "Projects that emit non-attainment pollutants and trigger AQIA will be approved if they are in 'clean pockets' and the emissions increase does not cause an additional violation of standards, or if the impact of the emissions increase is controlled or mitigated in any manner so as to result in an increment of 1 ug/m3 or less. For PM_{10}, if the incremental impact of increased emissions is greater than 1 ug/m3 but is controlled or mitigated in any manner so as to result in an increment of 5 ug/m3 or less, the project will be approved if offsets are provided from anywhere in the District at a 2 to 1 ratio for all residual PM_{10} emissions."

  This is essentially correct but with the following clarifications:

  - Such projects must also show compliance with all other applicable requirements of the District's rules and regulations, in addition to meeting these AQIA tests.

  - If a project will impact an area that already meets applicable ambient air quality standards, it cannot result in an exceedance of those standards. The project does not have the option of showing an impact of less than 1 ug/m3 (5 ug/m3 for PM_{10}).

  - If a project is to be located such that it will impact an area that does not already meet the applicable ambient air quality standards, the incremental impact of the project's emissions will be added to the highest background concentration that was not an exceedance of the standard for the pollutant(s) of concern in the impacted area. For some pollutants and some impact areas, this may mean that the allowable incremental impact of the proposed project may be more or less than 1 ug/m3.

  - With regard to PM_{10}, the District is proposing to also add a 3 ug/m3 test for annual average impacts. The 5 ug/m3 test is based on a maximum 24-hour average impact. In addition, based on industry comments received with regard to the 5 ug/m3 test, the District is proposing to allow PM_{10} impacts up to 10 ug/m3 (24-hour average) provided that the applicant has applied BACT to the project without consideration for cost-effectiveness, the applicant has provided offsets at a 2 to 1 ratio and has made all reasonable efforts to reduce the impacts of the project, and that of the 2 to 1 offsets required, 50 % must be located within the project impact area and at least one of those offsets must eliminate or reduce an offsite PM_{10} ambient air concentration in the project impact area by an amount at least equal to the extent by which the project impact exceeds 5 ug/m3.

  - The manner by which offsite impacts are mitigated must be acceptable to the District and generally must be real, permanent, quantifiable and enforceable.

  - In no event can a project result in a new or additional exceedance of a national ambient air quality standard.

148. WRITTEN COMMENT

The District has tentatively agreed to add additional flexibility to the AQIA provisions of the NSR rule to create an option for approving projects on a case-by-case basis that could not otherwise be approved. This option would be available at the discretion of the District and would only be considered in combination with implementation of all reasonable measures to control or mitigate emissions increases that implicate ambient air quality standards. To implement this option, an new subsection (vii) should be added to Rules 20.2(d)(2) and 20.3(d)(2):

"(vii) **Mitigation of Modeled Impacts on Ambient Air Quality**

If the requirements of Subsection (d)(i), (ii), (iii), (iv), or (vi) cannot otherwise be met through control measures and concurrent emissions reductions at or near the stationary source, the demonstrations required by those subsections may, at the discretion of the Air Pollution Control Officer, be based in part on the use of offsets to mitigate the impact of any increases in emissions on ambient air quality. This alternative demonstration shall be allowed only in conjunction with the application of BACT (without consideration of the cost multipliers of Table 20.1-4) to the increased emissions from the emission unit, and only after reasonable efforts are made to reduce the direct impacts of the source by providing offsets (including interpollutant offsets) from the source and from sources in the vicinity of the emission unit subject to this Rule. Offsets provided under this subsection must be sufficient to provide a net air quality benefit in the air basin, and to aid in attaining or maintaining ambient air quality standards, when compared to a scenario in which the proposed project would not go forward and no associated offsets would be provided. The determination that a net air quality benefit exists may balance benefits in one part of the air basin against emissions increases in another area."

DISTRICT RESPONSE

This comment is similar to written comment #135 and has been addressed in the response to that comment.

149. WRITTEN COMMENT

At the workshop, the District agreed to consider a change to allow concurrent reductions in emissions of precursor pollutants to be taken into account in determining whether an AQIA trigger threshold had been reached. This change could allow the use of NOx reductions from NOx control projects to be considered in assessing the impacts of PM_{10} increases caused by those projects. To do this, the following sentence could be added after the first sentence in Rules 20.2(d)(2)(i and ii) and 20.3(d)(2)(i and ii), and after the second sentence in Rules 20.2(d)(2)(iii) and 20.3(d)(2)(iii): "When determining emissions increases for purposes of applying Table 20.2-1 [or 20.3-1], the effects of concurrent reductions in emissions of precursor air contaminants shall be considered."

DISTRICT RESPONSE

After consultation with the District's Monitoring and Technical Services staff and the Air Resources Board, the District has determined that such a change to the New Source Review rules is not appropriate. While it is generally recognized that NOx, SOx and VOC emissions partially react in the atmosphere to form PM_{10}, it is the technical staff's opinion that due to the variability in PM_{10} formation, it is not possible to assume that the PM_{10} concentration reductions that would accrue from reductions in precursor emissions would be spatially congruent with the locations impacted by the directly emitted PM_{10}. The reductions in PM_{10} impacts may be in a completely different location, and of a different concentration magnitude, than the directly emitted PM_{10} concentration increases. Thus the District could not ensure that the localized air quality impacts of directly emitted PM_{10} would be mitigated by reductions in emissions of these PM_{10} precursors. A project could emit PM_{10} in sufficient quantities to cause a local air quality problem, and this problem would not be mitigated by concurrent reductions in emissions of NOx, SOx or VOC. However, the proposed New Source

Review rules recognize that there would be a regional mitigation of PM_{10} emissions from a project by reducing emissions of PM_{10} precursors. Accordingly, the proposed rules allow interpollutant offsets of PM_{10} emission increases by reductions in precursor emissions at specified ratios.

150. WRITTEN COMMENT

ARB PM_{10} test methods should be used in the rules for state AQIA purposes, consistent with the definition of PM_{10} in Rule 20.1. Similarly, a federally approved test method should be used in determining impacts on national ambient air quality standards.

DISTRICT RESPONSE

The state ARB test methods (Method 5 and 501) will be referenced in the PM_{10} definition (See also comment # 129). There will not be a federal test method specified because this would require that two tests be run; one for each method. However, the definition will be sufficiently flexible to allow use of an EPA test method when appropriate.

151. WRITTEN COMMENT

It is appropriate to include in a state PM_{10} AQIA only the PM_{10} anticipated to be measured at the source by the state-mandated test method that will be used to track source compliance.

DISTRICT RESPONSE

The District agrees. This will be addressed in the PM_{10} definition.

152. WRITTEN COMMENT

Major stationary sources should be allowed the option of meeting the LAER and offset requirements of Rule 20.3 on a source-wide "contemporaneous" basis as required by federal law, or on the simpler, but more conservative, unit-by-unit basis as proposed in Rule 20.3. Sources electing this option would be required to account for emissions increases and decreases for the stationary source on a "contemporaneous" basis, but could increase emissions by up to 25 tons per year within a five year rolling window without implementing LAER or providing offsets at 1.3:1.0. Sources should be allowed to switch back and forth between options. The addition of the following language at the end of Rule 20.3 and addition of the phrase "except as provided in Subsection (e) of the rule" to the opening paragraphs of Rules 20.3(d)(1) and 20.3(d)(5) will accomplish this:

(f) **Election of Federal Rules for LAER and Offsets**

(1) Election - A stationary source may elect to be subject to this subsection by notifying the District in writing of such election. Such election may be revoked in writing at any time, but a stationary source revoking such election may not again elect to be subject to this subsection for a period of five years, and may make another election of this option only if complete records are available for the prior five year period. If a stationary source elects to be subject to this subsection, all emission units at that stationary source shall be subject to this subsection.

(2) Contemporaneous Emissions Increase Record Keeping - A stationary source subject to this subsection shall maintain records sufficient to determine contemporaneous emissions increases at the stationary source. Each application for a permit that is subject to this rule shall be accompanied by a current accounting for contemporaneous emissions increases at the stationary source.

(3) Requirement for LAER - LAER shall be required at a stationary source that is subject to this subsection only for that portion of any contemporaneous emissions increase

otherwise subject to LAER under Rule 20.3(d)(5) that exceeds 25 tons per year. Emissions increases that would be subject to LAER but for this subsection shall be subject to BACT.

(4) Requirement for 1.3 to 1 Offsets - 1.3 to 1 offsets shall be required at a stationary source that is subject to this subsection only for that portion of any contemporaneous emissions increase otherwise subject to 1.3 to 1 offsets under Rule 20.3(d)(5) that exceeds 25 tons per year. Emissions increases that would be subject to 1.3 to 1 offsets but for this subsection shall be offset at 1.0 to 1."

DISTRICT RESPONSE

The District agrees with the intent of this proposal. Language to accomplish this will be added to Rule 20.3. It will also be clarified that a source cannot offset out of contemporaneous increases with external offsets. It should be noted that the election of this option will result in increased recordkeeping requirements and administrative costs. Businesses selecting this option will also be agreeing to bear these additional costs.

153. WRITTEN COMMENT

The District should clarify that BACT and LAER would be applied only to emissions increases from an emissions unit. Also, the District should clarify that BACT and LAER would be expressed as performance standards where feasible, if an applicant so requested.

DISTRICT RESPONSE

The District has discussed this comment with EPA, ARB and several other local air districts in California. Both EPA and ARB have stated that LAER and BACT must be applied to the entire emissions unit when that unit is modified, not just to the modification. About half of the local air districts contacted stated that this was how they applied NSR requirements to modified emission units. The other local air districts contacted stated that they applied LAER or BACT to the modification only.

Given the EPA and ARB positions on this issue, the District has concluded that the proposed NSR rules must require that BACT or LAER, as applicable, be applied to the entire modified emissions unit, not just the modification. However, the District believes that such a requirement should be limited to certain circumstances. Specifically,

- BACT (or LAER) will apply to the modification and not the entire emissions unit to the extent that BACT (or LAER) was previously applied to the existing emissions unit.
- BACT (or LAER) will apply to the modification and not the entire emissions unit if the emissions increase that results from the modification is less than 25 percent of the pre-project potential to emit of the emissions unit.
- BACT (or LAER) will apply to the entire emissions unit if the emissions unit was previously subject to BACT but BACT was determined not to be cost-effective.

The New Source Review rules will be revised accordingly. It should be noted that if BACT (or LAER) is applied to the entire emissions unit, the effect in many cases will likely be a reduction in the stationary source's aggregate potential to emit, and offsetting emission reductions may not be required for the modification.

[An example of how BACT/LAER was understood to apply to modifications of existing sources was also provided with this comment. Based on the response to the above comment, the application of BACT/LAER in this example is incorrect.]

154. WRITTEN COMMENT

The District's proposed definition of LAER in Rule 20.1 states that cost-effectiveness shall not be considered in LAER determinations. Federal law as interpreted by EPA does not entirely preclude the consideration of costs even in setting LAER. In practice there is no sharp line between cost considerations and technological feasibility. The following definition of LAER should be considered by the District:

"LAER means, for any new emission unit or modified emission unit, the most stringent of emissions based on the following:

(1) The most stringent emissions limitation which is contained in an EPA-approved implementation plan of any State for such class or category of new emission unit or modified emission unit, unless the owner or operator of the proposed unit demonstrates that such limits are not achievable; or

(2) The most stringent emissions limitation which is achieved in practice by such class or category of new emission unit or modified emission unit, under conditions and ancillary regulatory constraints comparable in relevant respects to conditions and constraints that would be applicable to the unit at its proposed location in this air basin.

Environmental and energy impacts associated with emissions rates being considered as LAER will be considered by the District when identified by the applicant.

In no event shall LAER be less stringent than BACT or an applicable new source performance standard for a new emission unit, or less stringent than BARCT for a modified emission unit."

DISTRICT RESPONSE

The District will modify the definition for LAER. The federal definition of LAER does not contain the language "under conditions and ancillary regulatory constraints comparable in relevant respects to conditions and constraints that would be applicable to the unit at its proposed location in this air basin" that has been proposed for addition to Item (2). EPA will not approve the addition of this language which weakens the federal LAER definition. However, the District has agreed to add language to Item (2) to allow the owner or operator of the proposed unit to demonstrate that such limits (LAER) are not achievable. In addition, EPA does not allow environmental and energy impacts to be considered when determining LAER. Therefore, the District will not add language that would allow this to the LAER definition. Lastly, LAER should be no less stringent than BACT or an applicable new source performance standard for both new and modified emission units. The proposed language will be modified to clarify this.

155. WRITTEN COMMENT

The BACT definition should be revised to ensure that demonstrations of technology in other parts of the country are used to determine BACT only if the technologies can be used in the context of the regulatory constraints a source in San Diego County would face when using that technology. This could be accomplished by adding the following sentence at the end of the first paragraph, just prior to the colon: "In no event shall BACT be based on a control measure that, because of regulatory constraints, could not be used for the emission unit at the location proposed."

DISTRICT RESPONSE

The District does not believe the suggested language is necessary because the proposed definition of BACT contains a requirement that the emission limit selected must be technically feasible. This would include a finding that the proposed technology can be used in the context of any regulatory constraints a source would face in applying such technology in San Diego County.

156. WRITTEN COMMENT

The recordkeeping requirements of Rule 20.4(d)(5)(iv)(a)(1) and (2) should be clarified. The following language is proposed for District consideration:

> "(1) Permits for portable emission units within an alternate offset pool will specify a presumed emission rate per day of availability, based on anticipated emissions from the unit when fully utilized. This amount of emissions, multiplied by the appropriate offset ratio, will be charged against the offset pool each day that the unit is available for use at a stationary source, regardless of the actual use of the unit. Consistent with Tables 20.4-1, stationary sources will be classified by the District as Type I (no offsets required or charges), Type II (1.0:1.0 offsets), or Type III (1.3:1.0 offsets). The District will, upon permit issuance, provide the owner of portable emission units with information on the offset Type of sources in the District.
>
> (2) Records. The owner of portable emission units that are within an emission offset pool established pursuant to this subsection shall maintain records of the days on which each such unit is available for use at a stationary source, and of the identity and offset class of the stationary source at which each unit was available for use during each period of availability for use. These records shall include the portable equipment type and permit number, and the presumed emissions rate per day of availability for each unit.
>
> (3) Reconciliation and use of available offsets. Within 5 days after the end of each month, the owner shall determine the amount of emissions offsets still available for use in the offset pool, taking into account all charges against that pool up to the end of the prior month. This reconciliation shall be documented and recorded on a spreadsheet or worksheet, a paper copy of which shall be signed and dated by the owner and made available to the District upon request. Reconciliations and underlying records shall be retained for a period of at least three years. The owner shall not make equipment available for use unless offsets are available in the offset pool for that equipment, and shall reconcile use and available offsets more frequently than monthly if necessary to ensure compliance with this Rule."

DISTRICT RESPONSE

The provisions of Rule 20.4(d)(5)(iv) regarding creating an emissions offset pool for portable equipment are not mandatory but are instead an alternative for owners of portable equipment requiring permits. The proposed suggested language could be used to clarify the provisions of Subsection (d)(5)(iv) but may result in reduced flexibility for portable equipment owners and the District to agree on case-by-case recordkeeping methods that will require the minimum effort by the equipment owners but will still provide the District the information necessary to ensure on going compliance. The alternative use of an emissions offset pool will be totally new approach to the regulations of these sources. The District is reluctant to make the provisions of Subsection (d)(5)(iv) much more explicit since we cannot know with certainty at this time, what companies and what types of portable equipment may opt for this alternative.

Nevertheless, the District agrees that some clarification of Subsection (d)(5)(iv)(A) with regard to recordkeeping are appropriate, as follows:

- The daily logs required should only list portable units that are at a job-site and are available for use. Portable units that are in storage, in a holding yard or in transit should not be logged.

- The requirement to include the stationary source's (job site's) potential to emit will be clarified to require instead the job site's offset classification for the pollutants of concern (e.g. below 15 tons per year, above 15 but below 25 tons per year, or above 25 tons per

year). This information will generally be available from the job site environmental contact or the District. Since the potential to emit of the stationary source (job site) does not include emissions from portable emission units, the movement of portable equipment to or from a job site will not affect the potential to emit, and thus the offset classification of that site.

The District does not agree with the commentator's suggestion that records of portable equipment availability and offset burden be maintained and reconciled on a monthly basis. Sufficient offsets must be provided on each day that portable equipment is available for use at a stationary source with emissions above state or federal offset levels to ensure compliance with Rule 20.4.

157. WRITTEN COMMENT

The District should retain the option, within the "Cost Effectiveness" definition, to evaluate increments of control separately in appropriate cases. The true cost should be considered in District determinations of whether increments of control should be required at a source. This discretion should be preserved by adding the following to the definition of "Cost Effective": "In appropriate cases, the District may consider the cost-effectiveness of increments of control separately."

DISTRICT RESPONSE

The BACT definitions of the state Air Resources Board and the federal Environmental Protection Agency and their applications of these definitions do not allow consideration of incremental cost-effectiveness. Accordingly, the District does not believe it is appropriate to add language to allow the District to consider incremental cost-effectiveness even in special cases.

158. WRITTEN COMMENT

Some equipment would be used for more than 180 days at a stationary source, which would render the equipment non-portable, but the equipment is still physically portable and is occasionally used for short periods of time elsewhere. Arranging this temporary off-site use as a "relocation" under the proposed rule would be unduly burdensome. The District should address this problem in a manner that will allow necessary operational flexibility.

DISTRICT RESPONSE

If an emissions unit is used primarily at one stationary source, it will be permitted as a stationary emissions unit. However, the District recognizes that such equipment may be used periodically at other stationary sources on a temporary basis. District Rules 10 and 18, as well as state law (Health and Safety Code Section 42300) provide for the issuance of a temporary permit. For the emissions units described, the unit operator may apply for and receive a temporary permit for operation of the unit at an alternative location for up to 180 days. The District agrees that such temporary relocations should not be subject to BACT or LAER. However, such temporary relocations should be evaluated for local air quality impacts near the new temporary location, as applicable, and should be subject to emission offset requirements, as applicable, unless the unit operator can demonstrate that there will be no increase in emissions from relocation of the unit or unless the emissions from the unit were previously offset to the level required for the new location.

The proposed rules will be amended to exempt temporary relocations of stationary emission units from requirements for BACT and LAER and to apply a 180 day limit on the time that such emission units can be available for use at the new stationary source.

159. WRITTEN COMMENT

Given the need for the definition of "Pre-Project Potential to Emit" to meet ARB and EPA requirements, the definition of "Modified Emissions Unit" becomes critical. The following sentence should be inserted after the first sentence of the definition of "Modified Emissions Unit": "Where the use of a unit has been curtailed for economic reasons, increased use of that unit shall not make the unit a modified emissions unit, provided such increased use is consistent with operations and permit representations, is allowed under the existing permit, and does not involve a physical change to the unit."

DISTRICT RESPONSE

The District will revise the definition of "Modified Emission Unit" to clarify that changes in fuel, increases in production rate, increases in hours of operation, and changes in raw materials will not be considered modifications unless such changes are not allowed by existing permit conditions.

160. WRITTEN COMMENT

The rule related to identification and quantification of offsets needs to be clear and detailed. The following language should be added to the definition of "Quantifiable": "Acceptable methods of quantification may include reliance on the following: emissions factors based on EPA's Compilation of Air Pollution Emission Factors, AP-42 or other emissions factors approved by the District; fuel usage, production, purchase, or waste disposal records; materials balances or engineering calculations; source tests; previous emissions reports or compliance certifications to the District or to the other agencies; or other methods."

DISTRICT RESPONSE

The District does not believe the suggested language needs to be added to the definition of "Quantifiable". Currently, the District selects the most appropriate method of quantifying emissions from all of the methods listed. This practice has worked well for over 15 years and there is no reason to change. Adoption of the suggested language would allow any of the listed methods to be used regardless of its estimated accuracy in relation to other methods. Thus, an applicant could use an AP-42 emission factor in lieu of an actual emission measurement if the AP-42 value were lower. In practice, the District will use the most appropriate method from all of the methods listed.

161. WRITTEN COMMENT

There is an ambiguity in Rule 20.1(d)(2)(iii) which could be read to apply to sources permitted more than 24 months previously, but operated only intermittently. This can be corrected by adding the words "permitted and" before the word "operated".

DISTRICT RESPONSE

The District agrees and will make the suggested change.

162. WRITTEN COMMENT

Rule 20.1(d)(2)(iv)(B) contains the phrase "promulgated pursuant to". It should be replaced by the phrase "determined to meet the minimum requirements of" to clarify the District's intent.

DISTRICT RESPONSE

The District agrees and will revise the language as follows: "determined by the Air Pollution Control Officer to meet the requirements of...". It should be noted that the reference for this provision has been changed to Rule 20.1(d)(2)(iii)(c).

163. WRITTEN COMMENT

Rules 20.2(d)(2)(iii) and 20.3(d)(2)(iii) should be revised to allow sources to relocate but not to install or operate emissions units before obtaining a permit. This is consistent with Rule 10(b) which uses the operative phrases "operate or use" and "constructed or installed".

DISTRICT RESPONSE

The District disagrees. District Rule 10(a) requires an Authority to Construct before equipment is built, altered, replaced or erected. This includes equipment relocation. It ensures that relocated equipment and any ancillary facilities are designed to meet all District requirements before construction has been started. Before an Authority to Construct can be issued, compliance with the New Source Review rules must be demonstrated.

164. WRITTEN COMMENT

Rules 20.2(d)(4)(ii) and 20.3(d)(4)(ii) should be revised to provide applicants 10 days to notify the District that they intend to respond to comments, and 30 days to provide responses. Where the additional 20 days to respond were used, the time allowed to the District to process the application would be extended by 20 days.

DISTRICT RESPONSE

The District generally agrees and will make the revisions to this provision. However, the revised language will clarify that if additional time is provided, as requested, the time allowed must be mutually agreeable, cannot exceed 30 days, and must be consistent with the permit processing time allowed under District Rule 18.

165. WRITTEN COMMENT

Certain military bases use tactical equipment, including internal combustion engines, which are training in nature and deployable. Some of this equipment requires minimum routine maintenance and is rarely operated. Field deployable equipment is assigned to military units which is solely used during field training, war or emergency declared by other authorities. The equipment is not used in any manner associated with permanent, stationary structures, facilities or installations. These units are required to train military units and should be exempted. To ensure this exemption is not abused, perhaps an hourly/daily limitation (with appropriate recordkeeping) such as is proposed in Rule 20.4 for portable emission units can be implemented.

DISTRICT RESPONSE

This is similar to written comment #76 and has been addressed in the response to that comment.

AIR POLLUTION CONTROL DISTRICT
COUNTY OF SAN DIEGO

May 17, 1994

Air Pollution Control Board

ISSUES ASSOCIATED WITH THE MAY 17, 1994 ADOPTION OF NEW RULES 20.1, 20.2, 20.3, 20.4, 20.9 AND20.10 - NEW SOURCE REVIEW, AND AMENDMENTS TO RULE 60 - CIRCUMVENTION

A public hearing has been set for today at 2:00 p.m. to consider adopting New Source Review Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10 to implement the requirements of state and federal law regarding the permitting of new and modified stationary sources. These rules affect stationary and portable emission units with the potential to emit 10 or more pounds per day of nonattainment air contaminants, and their precursors, and stationary sources having the potential to emit 15 or more tons per year of nonattainment air contaminants, and their precursors. This includes emissions of volatile organic compounds (VOC), oxides of nitrogen (NOx), oxides of sulfur (SOx), particulate matter (PM_{10}) and carbon monoxide (CO).

During the public comment period prior to today's hearing, the Environmental Protection Agency has identified three changes to the rules that need to be made before they are submitted to EPA for review and approval. These relatively minor changes have been made in the attached revised resolution in strike and double underscore format. Representatives of key affected industries are in agreement with these changes.

It is my recommendation that the Board delete existing Rules 20.1, 20.2, 20.3, 20.4 and 20.7, and adopt the resolution dated May 17, 1994 adding Rules 20.1, 20.2, 20.3, 20.4, 20.9 and 20.10, and amend Rule 60.

The changes to the New Source Review rules address the following EPA concerns:

- The proposed rules could allow major modifications of existing emission units to occur at major stationary sources without application of Lowest Achievable Emission Rate (LAER) technology or Best Available Control Technology (BACT), as applicable, to the entire emission unit. The proposed rules require LAER or BACT only on the emissions resulting from the modification rather than the entire emission unit if the increase in emissions is less than 25 percent of the unit's emissions prior to the modification. EPA pointed out that a modification of a very large emission unit could result in an emission increase of less than 25 percent but more than the federal threshold for a major modification (e.g. 25 tons per year VOC emissions increase). Under federal policies, such an increase would require the application of LAER technology for the entire emission unit, not just the modification. The rules have been revised to address this deficiency.

- The proposed definition of surplus, used to qualify excess emission reductions that can be banked and used as offsets by new or modified major emission sources, allow emission reductions to be banked if the reductions were not required by other air quality requirements (e.g. other rules and regulations) at the time an application to bank the reductions was deemed complete. EPA stated that this must be revised because EPA policies require that the reductions must be surplus at the time the banking application is approved and emission reduction credits are issued, not the date an application is deemed complete. The rules have been revised to address this concern.

- The proposed rules may allow certain projects to avoid having to conduct an analysis of a project's impacts on visibility and is therefore inconsistent with federal requirements. This was not the District's intent and the proposed rules have been revised to provide this clarification.

In addition, two other issues have been identified that will require further discussions with the Environmental Protection Agency and local industry to resolve. They will require further amendments to the proposed rules within the next six months. However, because the District is under a July 15, 1994 deadline to submit a complete New Source Review rule to EPA to meet federal requirements and avoid the imposition of federal sanctions, the District is recommending the Board proceed with the adoption of these rules as proposed. This will meet EPA's rule completeness requirements and allow an additional six months to reach final agreement with EPA on specific rule language to resolve the issues, make the changes and submit a final approvable rule to EPA. This will also provide the District an opportunity to resolve two other issues recently raised by affected industry. The additional EPA issues are as follows:

- EPA believes the proposed Rules 20.1, 20.9 and 20.10 do not meet the requirements of the federal Clean Air Act with regard to a permitting program for non-major (i.e. less than 25 tons per year) sources of air contaminants. This is the issue of most significance and has been identified by EPA because of the District's recommendation not to forward Rules 20.2, 20.3 and 20.4 to EPA for inclusion in the State Implementation Plan (SIP) because these rules contain the more stringent New Source Review requirements of state law, pursuant to the California Clean Air Act. The District and local industry are concerned that if these more stringent state requirements are included in the federal SIP, EPA could disapprove the District's relaxing these requirements if state law subsequently changes to allow such relaxation. In addition, by including these requirements in the SIP, they also become subject to federal enforcement which carries substantially greater penalties. Further, EPA does not recognize variances that may be granted by the Air Pollution Control District Hearing Board to sources that may be temporarily out of compliance with permit conditions based on the state New Source Review program.

  EPA's concerns with the submittal of only Rules 20.1, 20.9 and 20.10 appear to be based on two issues. The first involves the potential of minor sources to have emissions above major source levels and thus be subject to federal New Source Review requirements. EPA is concerned that if the New Source Review rules for these smaller sources are not submitted to and approved by EPA, permit conditions limiting these sources to below major source levels (i.e. less than 25 tons per year) would not be federally enforceable and EPA could not ensure these sources would not be subject to federal New Source Review requirements. The second issue involves EPA's interpretation that the Clean Air Act requires the District to have federally enforceable permit requirements for minor sources to ensure emissions from such sources do not interfere with the attainment or maintenance of a national ambient air quality standard. The District has a very comprehensive minor source permit program which will remain part of the SIP, including the provisions of Rules 10 (Permits Required), 19.2 (CEM Monitoring Requirements), 20 (Standards for Granting Permits), 20.6 (Standards for Permit

to Operate; Air Quality Analysis), 20.7 (Standards for Authority to Construct - Protection of Class I Areas), 21 (Permit Conditions), 61.4 (Transfer of VOC's into Vehicle Fuel Tanks), 67.0 (Architectural Coatings), 67.3 (Coating of Metal Parts and Products), and 67.6 (Solvent Cleaning Operations). It was not the District's intent to limit EPA's ability to enforce the District's permit program as it applies to non-major sources. This needs to be clarified.

By submitting only new Rules 20.1, 20.9 and 20.10 to EPA, as proposed, the District believes that EPA's rule completeness criteria will be met and EPA will allow an additional six months to resolve the issues and submit revised rules to EPA.

- EPA recently stated that banked emission reduction credits must be further evaluated with regard to being surplus at the time the credits are used as emission offsets for new projects. This is a very controversial, statewide issue both for regulators and industry. It could have the effect of significantly devaluing existing emission reduction credits created up to several years ago, and would significantly discourage sources from creating new emission reduction credits because of the up front cost of creating those credits weighed against the uncertainty of what value those credits might have at the time of use. This issue will need to be resolved.

The District is committed to working with EPA over the next few months to address these issues and will involve local industry in any necessary additional changes to the rules.

In addition to the above issues raised by EPA, two additional issues have been raised by affected industry. The first involves an exemption for portable air compressors used to pressurize nuclear reactor containment domes. The proposed exemption limits the use of such compressors to not more than 50 hours over a two year period. This was based on information provided by the compressor owner/operator during development of the rules. Recently, the operator has requested an increase (by a factor of two) in the number of allowable hours. The District intends to recommend the necessary wording to accomplish this at the same time it proposes changes to address the EPA issues.

The second involves pollution control projects mandated by other District rules or state or federal requirements that result in emission increases of other pollutants and the fact that such increases will activate the full requirements of the New Source Review rules. The primary example is the installation of selective catalytic reduction equipment to control emissions of oxides of nitrogen from large utility boilers pursuant to Rule 69. When a boiler is fired with fuel oil, and to a lesser extent when fired on natural gas, the chemicals used to reduce oxides of nitrogen emissions can react with other exhaust gas constituents to form additional particulate matter (PM_{10}). This increase in particulate matter will activate the New Source Review rules which will require not only that the increase in PM_{10} emissions resulting from the control device be offset but also PM_{10} emissions reflecting the difference between the power plant's historic emission levels and its future expected potential emissions. It was not the District's intent to require offsets for these latter emissions and the rules need to be modified to reflect this intent.

If you have any questions, please call me at S50-3300.

R. J. SOMMERVILLE
Air Pollution Control Officer

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Attachment