



Air Pollution Control Board

Greg Cox	District 1
Dianne Jacob	District 2
Pam Slater	District 3
Ron Roberts	District 4
Bill Horn	District 5

Air Pollution Control District

R. J. Sommerville	Director
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DATE: November 4, 1998

TO: Air Pollution Control Board

SUBJECT: Adoption of Amendments to New Source Review (NSR) Rules 20.1 - 20.4
Repealing the State No-Net-Increase Requirements Pursuant to State Law,
Adoption of Related Findings, and Certification of the Final Environmental
Impact Report for the Proposed Amendments
(District: All)

SUMMARY:

Overview

The District recommends repealing state emission offset requirements by amending New-Source Review (NSR) Rules 20.1 - 20.4. Offsets are emission reductions provided to mitigate emission increases from new and modified businesses. The state program requires such businesses having the potential to emit 15 tons or more annually of ozone precursors (oxides of nitrogen and volatile organic compounds) to offset emission increases. This requirement is referred to as the state no-net-increase program.

From a legal standpoint there is specific sequence to accomplish the recommendation. First, the Environmental Impact Report (EIR) must be considered and, if appropriate, certified. Second, the analysis supporting the repeal must be considered and, if appropriate, related findings made. Finally, action regarding the recommended amendments to the NSR Rules 20.1-20.4 can be considered.

In theory, if a new or modified source increases emissions after applying stringent controls required by NSR rules, offsetting those emissions with emission reductions occurring at the affected facility, or some other facility in the region, assures regionwide emissions do not increase. Further, there is a market created for offsets, providing an incentive for businesses to voluntarily reduce pollution beyond regulatory requirements. The resulting emission credits can then be sold to new or expanding facilities.

In practice, this does not happen in San Diego. Businesses can use emission reductions as offsets only if the reductions are not otherwise required by local, state, or federal mandates. It is difficult to create voluntary surplus emission reductions because of stringent state and federal control requirements. Almost all available offsets are from shutting down facilities or processes (shutdowns), occurring as a normal course of business activity, not voluntary emission reductions. Since the air quality benefit resulting from shutdowns occur regardless of the offset requirements, there is no air quality benefit realized when emission reductions resulting from shutdowns are used for offsets.

As a result, the state no-net-increase program results in costly paper transfers of emission credits from one company to another with little or no commensurate air quality benefit. In addition, sources creating offsets are becoming more reluctant to sell them because of their own future needs. This further drives up prices. A recent local market price for oxides of nitrogen offsets

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was nearly \$30,000 per ton. This is about two and one-half times what local businesses are currently paying to reduce emissions (\$12,900 per ton) by installing very stringent emission control devices to meet regulatory requirements.

An Environmental Impact Report (EIR) [Attachment II] has been prepared evaluating the proposed repeal of the state offset program. No significant adverse effects on the environment were identified. Pursuant to the California Environmental Quality Act, the Board must certify that the Final EIR reflects the Board's independent judgment of potential environmental consequences resulting from implementing the proposed amendments to the NSR rules. Attachment III is the Resolution certifying the Final EIR and making this finding.

State law (Health and Safety Code §§ 40918.5 and 40918.6) allows a district to repeal its state no-net-increase program if stringent health-protective requirements are met by the district board and the Air Resources Board (ARB). The district board must find that: (1) every feasible control measure has been adopted or scheduled for adoption; (2) the no-net-increase program is not necessary to comply with the transport mitigation requirements of state law; and (3) the state no-net-increase program is not needed to meet state ambient air quality standards by the earliest practicable date. ARB must affirm the district board's determination. Finally, if a no-net increase program is repealed, the need for the program must be reviewed during each triennial attainment plan (Regional Air Quality Strategy) revision.

San Diego County does not transport air pollution to other California districts, so this is not an issue. The requirement for adopting or scheduling for adoption every feasible measure was satisfied when the Board approved the 1998 Triennial Regional Air Quality Strategy (RAQS) Revision on June 17, 1998 (APCB #4). Subsequently, on August 27, 1998, the ARB fully approved the RAQS Revision.

ARB issued guidance on the analysis needed to determine if a district's state no-net-increase program is necessary. The guidance states the critical test regarding the necessity of the no-net-increase program is ensuring program elimination would not halt or reverse an existing trend of decreasing total regionwide emissions. Pursuant to state law and guidance, the District developed an expected-case and an extremely conservative worst-case analysis (Attachment IV) to evaluate the potential emissions impact of repealing the no-net-increase program.

Expected-Case Analysis

Between 1995 and 2010 total regional volatile organic compounds (VOC) and oxides of nitrogen (NOx) emissions are projected to decrease from 98,842 to 67,087 (31,755) tons per year (32.1%) and from 86,505 to 51,721 (34,784) tons per year (40.2%), respectively, indicating substantial progress toward attaining the state ozone standard. If the state no-net-increase program is repealed, the expected-case analysis indicates total regional VOC and NOx emissions are projected to decrease between 1995 and 2010 from 98,842 to 67,108 (31,734) tons per year (32.1%) and from 86,505 to 51,757 (34,748) tons per year (40.2%), respectively. For VOC, the expected-case difference in reductions over the 15-year period due to repealing the no-net-increase program is 21 tons per year or 0.07%. For NOx, the expected-case difference is 36 tons per year or 0.1%. This represents a *de minimis* difference in emissions and demonstrates repealing the state no-net-increase program would not halt or reverse the existing trend of decreasing total regionwide emissions.

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Worst-Case Analysis

The worst-case analysis indicates total regional VOC and NOx emissions are projected to decrease between 1995 and 2010 from 98,842 to 67,472 (31,370) tons per year (31.7%) and from 86,505 to 52,376 (34,129) tons per year (39.5%), respectively, if the no-net-increase program is repealed. For VOC, the worst-case difference in reductions is 385 tons per year or 1.2%. For NOx, the worst-case difference in reductions is 655 tons per year or 1.8%. This also represents a *de minimis* difference in emissions and demonstrates repealing the state no-net-increase program would not halt or reverse the existing trend of decreasing total regionwide emissions, even assuming worst-case emission impacts.

Based on the analysis, the District has prepared a Resolution making the findings required by state law before the state no-net-increase program can be repealed: (1) every feasible control measure has been adopted or scheduled for adoption; (2) the no-net-increase program is not necessary to comply with the transport mitigation requirements of state law; and (3) the state no-net-increase program is not needed to meet state ambient air quality standards by the earliest practicable date.

Following Board adoption, the certified Final EIR, findings and supporting documentation, and amendments to the NSR rules will be transmitted to ARB. Before the rule amendments can become effective, ARB must affirm the District's no-net-increase program is not necessary to achieve state ambient air quality standards by the earliest practicable date, and is not necessary to comply with the air pollution transport requirements of state law. ARB must make such determination within the 60-day period provided by state law. If ARB fails to act within 60 days, repeal of the District's no-net-increase program will become effective. If the state no-net-increase program is repealed, federal emission offset requirements will still apply to new or modified businesses having potential to emit 50 tons or more per year of ozone precursors. All current requirements to install state Best Available Control Technology or federal Lowest Achievable Emission Rate control technology on new or modified equipment will also be retained.

The proposed amendments also delete emission offset requirements for carbon monoxide no longer required because the San Diego Air Basin has been redesignated by the federal Environmental Protection Agency (EPA) to an attainment area for carbon monoxide.

A public workshop on the proposed changes to the New Source Review Rules 20.1 -20.4 was held on April 18, 1997. The workshop report is Attachment VII.

Recommendation

AIR POLLUTION CONTROL OFFICER:

- (1) Consider the Final Environmental Impact Report (EIR) and adopt the Resolution: (a) finding that the Final EIR has been completed in compliance with the California Environmental Quality Act and that the Report reflects the independent judgment of the Board; and (b) certifying the Report as a true and complete statement of environmental impacts of implementing the proposed amendments to the New Source Review (NSR) Rules 20.1-20.4 repealing the state no-net-increase requirements and making findings that the proposed amendments will not have a significant adverse effect on the environment; and (c) finding that there is no evidence that adopting the proposed amendments will have potential for an adverse effect on wildlife resources or the habitat on which the wildlife depends, and, on the basis of substan-

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tial evidence, that the presumption of adverse effect in California Code of Regulations, Title 14, Section 753.5(d) has been rebutted.

- (2) After certifying the Final EIR, consider the analysis required by state law demonstrating state no-net-increase requirements are not necessary for San Diego County to achieve and maintain state ambient air quality standards by the earliest practicable date, and adopt the Resolution making the required findings.
- (3) After certifying the Final EIR and adopting the findings required by state law, adopt the Resolution amending NSR Rules 20.1-20.4 to make minor administrative revisions and repeal the offset requirements for carbon monoxide and the state no-net-increase requirements, to become effective upon either the Air Resources Board's (ARB) determination that the state no-net-increase program is not needed for San Diego County to achieve and maintain state ambient air quality standards by the earliest practicable date, or when the 60-day period provided by state law for the ARB to make such determination has passed and the ARB has not made a determination.
- (4) Direct the Air Pollution Control Officer to forward the certified Final EIR, findings and supporting documentation to the ARB, and amendments to the NSR Rules, and request the ARB determine that a no-net-increase program is not needed for San Diego County to achieve and maintain state ambient air quality standards by the earliest practicable date.

Fiscal Impact

Adopting these recommendations will have no fiscal impact on the District.

Business Impact Statement

If Board and Air Resources Board actions repeal state no-net-increase requirements, future savings to new or modified businesses now subject to the requirements would be substantial. The collective cost of offsets to the business community is \$1.3 to \$3 million annually, based on historical offset demand and current offset prices. This does not include costs incurred from project delays while offsets are located and negotiated for purchase. Repealing no-net-increase requirements will eliminate these unnecessary costs and delays without affecting expeditious attainment of state ambient air quality standards.

Advisory Statement

On October 7, 1998, the Air Pollution Control District Advisory Committee considered and recommended adopting the findings and supporting documentation required by state law and adopting the proposed amendments to New Source Review Rules 20.1 - 20.4.

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BACKGROUND

Attachment I contains additional background information.

Additional Information

Attachment II contains the Final EIR addressing environmental impacts associated with implementing proposed amendments to the NSR Rules 20.1-20.4 repealing state no-net-increase requirements.

Attachment III contains the Resolution certifying the Final EIR.

Attachment IV contains the analysis required by state law.

Attachment V contains the Resolution adopting findings required by state law.

Attachment VI contains the Resolution and Change Copy amending NSR Rules 20.1-20.4.

Attachment VII contains the report for the workshop held on April 18, 1997.

Concurrence:

Respectfully submitted,

LAWRENCE B. PRIOR III
Chief Administrative Officer


BY: ROBERT R. COPPER
For Deputy Chief Administrative Officer


R. J. SOMMERVILLE
Air Pollution Control Officer

**AIR POLLUTION CONTROL BOARD
AGENDA ITEM INFORMATION SHEET**

SUBJECT: Adoption of Amendments to New Source Review (NSR) Rules 20.1 - 20.4
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CONCURRENCES

TP 10/21/98

COUNTY COUNSEL APPROVAL: Approval of Form ☒ Yes ☐ N/A
Type of Form: ☐ Standard Form ☐ Ordinance ☒ Resolution ☐ Contract
Review Board Letter Only ☐ Yes ☒ No

CHIEF FINANCIAL OFFICER/AUDITOR REVIEW: ☐ Yes ☒ N/A
Requires Four Votes: ☐ Yes ☒ No

CHIEF INFORMATION OFFICER: ☐ Yes ☒ N/A

DEPARTMENT OF HUMAN RESOURCES: ☐ Yes ☒ N/A

CONTRACT REVIEW PANEL: ☐ Yes ☒ N/A

Other Concurrences: _____ N/A

BUSINESS IMPACT STATEMENT: ☒ Yes ☐ N/A

PREVIOUS RELEVANT BOARD ACTION: 1998 RAQS Revision adopted 6/17/98
(APCB #4)
NSR rule amendments adopted 5/17/94
(APCB #1)

BOARD POLICIES APPLICABLE: N/A

ORIGINATING DEPARTMENT: Air Pollution Control District, County of San Diego

CONTACT PERSON: Richard Smith, Assistant Director (S50) 694-3303 MS: 0-176


R. J. SOMMERVILLE
DEPARTMENT AUTHORIZED REPRESENTATIVE

NOVEMBER 4, 1998
MEETING DATE

ATTACHMENT I

ADOPTION OF AMENDMENTS TO NEW SOURCE REVIEW (NSR) RULES 20.1 - 20.4 REPEALING THE STATE EMISSION OFFSET REQUIREMENTS

ADDITIONAL BACKGROUND INFORMATION

District New Source Review (NSR) Rules 20.1 - 20.4 implement state law by requiring new and modified businesses to install Best Available Control Technology (BACT) on equipment having the potential to emit 10 or more pounds per day of nonattainment pollutants (or precursors), and achieve a no-net-increase (1.0 to 1.0 emission offset) in emissions of nonattainment pollutants (or precursors) from businesses having the potential to emit 15 or more tons per year. The NSR rules also implement federal law by requiring Lowest Achievable Emission Rate (LAER) control technology and emission offsets (1.2 to 1.0 emission offset) for new businesses increasing emissions by 50 or more tons per year of nonattainment pollutants (or precursors). Businesses can use emission reductions as offsets only if the reductions are not otherwise required by local, state, or federal mandates. Eligible emission reductions are approved and recorded (banked) in an offset bank and tracked by the District. Businesses usually obtain offsets by purchasing emission reduction credits from other companies that have banked emission reductions.

Limitations of the Recommendation

The recommendation before the Board is limited to repealing the no-net-increase program. Current state Best Available Control Technology requirements as well as federal requirements for Lowest Achievable Emission Rate control technology and offset requirements will be retained.

Rationale for Requiring Offsets

In theory, if a new or modified source increases emissions after application of Best Available Control Technology, offsetting those emissions with emission reductions occurring at the affected facility, or some other facility in the region, assures regionwide emissions do not increase. Further, there is a market created for offsets, providing an incentive for businesses to voluntarily reduce pollution beyond regulatory requirements. The resulting emission credits can then be sold to new or expanding facilities. In practice, this does not happen in San Diego. Almost all available offsets are from shutting down facilities or processes (shutdowns), occurring as a normal course of business activity, not voluntary emission reductions (Table I-1). Since the air quality benefit resulting from shutdowns occur regardless of the offset requirements, there is no air quality benefit realized when emission reductions resulting from shutdowns are used for offsets. As a result, the state no-net-increase program results in costly paper transfers of emission credits from one company to another with little or no commensurate air quality benefit.

It is difficult to create voluntary surplus emission reductions because of stringent state and federal control requirements. Current state requirements are Best Available Control Technology on new and expanding businesses emitting over 10 pounds per day, Best Available Retrofit Control Technology on existing business and implementing all feasible control measures in the region. There are additional federal requirements. As a result, offsets are generally unavailable in San Diego and, as future control requirements become more stringent, opportunities to create voluntary emission reduction credits will be even more limited.

Impact on Business Growth

The near unavailability and very high offset costs are a significant obstacle to business growth. In addition, sources creating offsets are becoming more reluctant to sell them because of their own future needs. This further drives up prices. Recently, a local business paid nearly \$30,000 per ton for oxides of nitrogen offsets. This is about two and one-half times what local businesses are currently paying to reduce emissions (\$12,900 per ton) by installing very stringent emission control devices to meet regulatory requirements.

Requirements for Repealing the No-Net-Increase Program

The Health and Safety Code (H&SC) has been amended adding H&SC §§ 40918.5 and 40918.6 allowing a district to repeal the state no-net-increase requirements from its NSR rules only if stringent health-protective requirements are met by the district board and the Air Resources Board (ARB). The district board must find that: (1) every feasible control measure has been adopted or scheduled for adoption; (2) the no-net-increase program is not necessary to comply with the transport mitigation requirements of state law; and (3) the state no-net-increase program is not needed to meet state ambient air quality standards by the earliest practicable date. The ARB must affirm the district boards' determination. Finally, if a no-net increase program is repealed, the need for the program must be reviewed during each triennial attainment plan (Regional Air Quality Strategy) revision.

The requirement for adopting or scheduling for adoption every feasible measure was satisfied when the Board approved the 1998 Triennial Regional Air Quality Strategy (RAQS) Revision on June 17, 1998 (APCB #4). Subsequently, on August 27, 1998, ARB fully approved the RAQS Revision.

The transport mitigation requirements are also met because San Diego County does not transport air pollution to other California districts, so the no-net-increase program is not necessary to meet these requirements.

Analysis of State No-Net-Increase Program

In regard to the analysis needed to determine a state no-net-increase program is not necessary for a district to achieve the state ambient air quality standards by the earliest practicable date, ARB issued guidance indicating the required analysis. The District conducted an analysis in accordance with the state law and ARB guidance.

An examination of the offset bank (Tables I-1 and I-2) indicates that, of the small amount of emission reduction credits currently banked, 227.93 tons per year (87%) of volatile organic compounds (VOC) credits and 63.05 tons per year (100%) of oxides of nitrogen (NOx) credits resulted from equipment or plant shutdowns which occurred for business and economic reasons independent of the no-net-increase program. The remaining 33.30 tons per year (13%) of VOC credits resulted from voluntary process or control technology improvements.

As state and federal emission control requirements become more stringent (reflecting greater availability of technologically feasible and cost-effective control equipment and lower-emitting process materials), opportunities to create voluntary emission reduction credits from process improvements or add-on emission controls will become much more limited and expensive. Consequently, in the future, equipment or plant shutdowns will be the primary source (near 100%) of emission offset credits. Since these shutdowns will occur with or without a state no-net-increase program, the state program will have an increasingly negligible air quality benefit.

TABLE I-1
Summary of Banked Emission Reduction Credits (tons per year)
1998

VOC	% VOC	NOx	% NOx	Total	% Total	Source
227.93	87%	63.05	100%	290.98	90%	Shutdown
33.30	13%	0.0	0%	33.30	10%	Process modification
261.23	100%	63.05	100%	324.28	100%	--

TABLE I-2
Source of Banked Emission Reduction Credits (tons per year)

Source	VOC	NOx	Reduction Source
Aldila	7.4	--	Shutdown (Equipment)
Calbiochem	9.08	--	Shutdown (Equipment)
Carpenter Technical	2.4	--	Shutdown (Equipment)
General Dynamics	66.2	21.9	Shutdown (Entire Facility)
Hughes	1.28	--	Shutdown (Equipment)
Napp	18.1	--	Process Modification
Nassco	0.62	0.54	Shutdown (Equipment)
Ralston-Purina	2.1	13.8	Shutdown (Entire Facility)
San Diego Gas & Electric	1.0	20.8	Shutdown (Equipment)
San Diego Union-Tribune	15.2	--	Process Modification
SCE	0.02	0.51	Shutdown (Equipment)
Sequentia	93.0	--	Shutdown (Entire Facility)
Solar Turbines	8.8	--	Shutdown (Equipment)
Sony	0.54	--	Shutdown (Equipment)
Tanpac	25.15	--	Shutdown (Entire Facility)
U.S. Naval Aviation Depot	1.15	--	Shutdown (Equipment)
U.S. Naval Station	1.33	5.50	Shutdown (Equipment)
Unisys Corp.	7.86	--	Shutdown (Equipment)
TOTAL	261.23	63.05	--

Two analyses were conducted to evaluate the potential emissions impact of repealing the no-net-increase program; an expected-case and a worst-case impact analysis. Although the state no-net-increase program applies to emission increases at businesses with the potential to emit more than 15 tons per year, businesses with actual emissions exceeding 10 tons were considered in the analyses. This was done to be conservative and ensure all new or modified businesses with the potential to emit more than 15 tons per year were considered.

Expected-Case Emissions Increase Analysis

Expected emission increases resulting from repealing the state no-net-increase program were evaluated to assess impacts on total regionwide emissions (businesses, motor vehicles, area sources, natural sources, etc.) in accordance with ARB's guidance. Future yearly emission increases from all new and modified businesses emitting over 10 tons annually were assumed to equal the historical average annual emissions increase occurring over the past five years from such businesses; 13.71 tons of VOC and 30.31 tons of NOx (Table I-3). The percentage of emission offsets created from equipment shutdowns were assumed equivalent to the percentage of currently banked offsets resulting from shutdowns (87% for VOC and 90% for NOx). The NOx offset assumption is conservative since all currently banked NOx emission reduction credits were derived from shutdowns. Since emission reductions from equipment shutdowns will continue to occur if the state no-net-increase program is repealed, only the remaining 13% of VOC and 10% of NOx increases from new or modified businesses would no longer be offset.

TABLE I-3
1993-1997 Incremental Emission Increases (Tons/Year) from
Facilities Annually Emitting Over 10 Tons of Ozone Precursor Emissions*

Pollutant	Year					Average
	1993	1994	1995	1996	1997	
VOC	32.11**	9.16	7.52	2.57	17.20	13.71
NOx	54.57**	46.59	6.67	34.14	9.59	30.31
Total	86.68**	55.75	14.19	36.71	26.79	44.02

* Incremental emission increases subject to offsets, not entire facility emissions.

** Emission increases in 1993 are overestimated due to less-refined emission calculation methods used prior to 1994 adoption of the state no-net-increase program. Additionally, the 1993 data includes unusual short-term permitting projects that are unlikely to be repeated in the future.

Results of the expected-case emission increase analysis are shown in Tables I-4 and I-5 and illustrated Figures I-1 and I-2. The impact of repealing the no-net-increase program is assumed to begin in 1999. Data from 1990 and 1995 are included to indicate historical trends. The year 2000 is of interest because of the requirement to reconsider the need for a state no-net-increase program during the triennial attainment plan revision scheduled for that year. In 2000, the expected-case projection indicates total regionwide VOC emissions are 75,961 tons per year. Of that, 4 tons per year (0.01%) is the increase from repealing the no-net-increase program. Similarly, the regionwide NOx emissions in 2000 are projected to be 65,268 tons per year. Of that, 6 tons per year (0.01%) is the increase from repealing the no-net-increase program. In 2010, the expected-case projection indicates total regionwide VOC emissions are 67,108 tons per year. Of that, 21 tons per year (0.03%) is the increase from repealing the no-net-increase program. Similarly, the regionwide NOx emissions in 2010 are projected to be 51,757 tons per year. Of that, 36 tons per year (0.07%) is the increase from repealing the no-net-increase program. The magnitude of these emission increases is negligible, as illustrated in Figures I-1 and I-2.

ARB guidance indicates the critical test regarding the necessity of the offset program is ensuring program elimination would not halt or reverse an existing trend of decreasing total regionwide

emissions. Between 1995 and 2010, total regionwide VOC and NOx emissions are projected to decrease from 98,842 to 67,087 (31,755) tons per year (32.1%) and from 86,505 to 51,721 (34,784) tons per year (40.2%), respectively, indicating substantial progress toward attaining the state ozone standard. If the no-net-increase program is repealed, between 1995 and 2010 total regionwide VOC and NOx emissions are projected to decrease from 98,842 to 67,108 (31,734) tons per year (32.1%) and from 86,505 to 51,757 (34,748) tons per year (40.2%), respectively. Even more illuminating is the negligible change in emission reductions over the 1995 to 2010 period resulting from repealing the no-net-increase program. For VOC, the difference in reductions over the 15-year period is 21 tons per year (31,755 - 31,734 tons per year) or 0.07%. For NOx, the difference in reductions over the 15-year period is 36 tons per year (34,784 - 34,748 tons per year) or 0.1%.

Consequently, as illustrated in Figures I-1 and I-2, repealing the state no-net-increase program results in a *de minimis* difference in emissions and would not halt or reverse the existing trend of decreasing total regionwide emissions. Pursuant to ARB guidance, this shows the state no-net-increase program is not necessary to meet state ambient air quality standards in San Diego County by the earliest practicable date.

To be conservative, the expected-case impact of stationary-source emission increases resulting from repealing the state no-net-increase program was evaluated. This analysis is not required by state law nor ARB guidance. In 2000, the expected-case projection indicates regionwide VOC emissions from stationary sources are 19,094 tons per year. Of that, 4 tons per year (0.02%) is the increase from repealing the no-net-increase program. Similarly, the regionwide NOx emissions from stationary sources in 2000 are projected to be 4,350 tons per year. Of that, 6 tons per year (0.1%) is the increase from repealing the no-net-increase program. In 2010, the expected-case projection indicates regionwide VOC emissions from stationary sources are 25,790 tons per year. Of that, 21 tons per year (0.08%) is the increase from repealing the no-net-increase program. Similarly, the regionwide NOx emissions from stationary sources in 2010 are projected to be 4,124 tons per year. Of that, 36 tons per year (0.9%) is the increase from repealing the no-net-increase program.

The expected-case impact on stationary-source emission trends between 1995 and 2010 was also evaluated. Over the 15-year period, regionwide stationary source VOC emissions are projected to increase due to population and industrial sector growth from 18,141 to 25,769 (7,628) tons per year (42.1%) if the no-net-increase program is retained, and from 18,141 to 25,790 (7,649) tons per year (42.2%) if the program is repealed. Over the same period, stationary source NOx emissions are projected to decrease from 5,621 to 4,088 (1,533) tons per year (27.3%) if the no-net-increase program is retained, and from 5,621 to 4,124 (1,497) tons per year (26.6%) if the program is repealed. For VOC, the difference in stationary-source emission increases over the 15-year period is 21 tons per year (7,649 - 7,628 tons per year) or 0.3%. For NOx, the difference in stationary-source emission reductions over the 15-year period is 36 tons per year (1,533 - 1,497 tons per year) or 2.4%. This represents a negligible change in stationary-source emission trends over the 1995 to 2010 period.

TABLE I-4
Total Regionwide VOC Emissions (Tons/Year)
Including Expected-Case No-Net-Increase Program Repeal Impact

Year	Stationary Sources		Area Sources *	Mobile Sources *	Total	% Increase from Program Repeal
	Existing Inventory *	Expected-Case Increase from Program Repeal**				
1990	18,141	-	17,338	83,585	119,063	-
1995	18,141	-	18,031	62,671	98,842	-
2000	19,090	4	16,571	40,296	75,961	0.01%
2005	21,973	12	17,411	30,003	69,399	0.02%
2010	25,769	21	17,958	23,360	67,108	0.03%

* Stationary, area, and mobile source inventory/projections from Air Resources Board, Emissions Inventory branch, dated July 22, 1998.

** Assumes historic average emissions increase of 13.71 tons per year accumulating each year starting in 1999 from sources potentially subject to offsets (>10 tpy), and discounted by the percentage of current offsets due to actual surplus emission reductions (13%) (e.g., 2000 impact = $13.71 \times 13\% \times 2 = 3.56$).

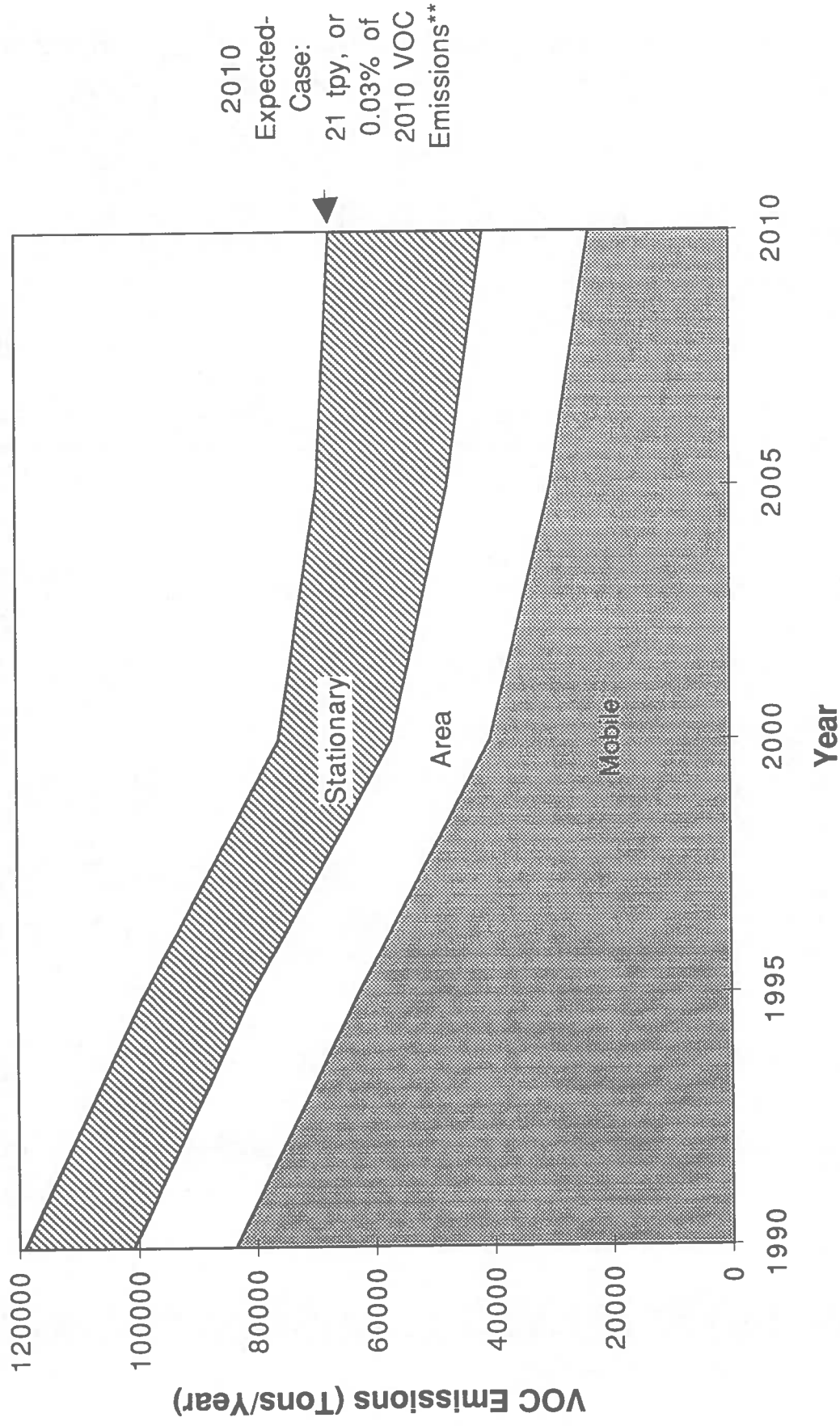
TABLE I-5
Total Regionwide NOx Emissions (Tons/Year)
Including Expected-Case No-Net-Increase Repeal Impact

Year	Stationary Sources		Area Sources *	Mobile Sources *	Total	% Increase from Program Repeal
	Existing Inventory *	Expected-Case Increase from Program Repeal**				
1990	6,315	-	1,898	92,601	100,813	-
1995	5,621	-	2,008	78,877	86,505	-
2000	4,344	6	2,227	58,692	65,268	0.01%
2005	3,614	21	2,409	50,042	56,085	0.04%
2010	4,088	36	2,519	45,114	51,757	0.07%

* Stationary, area, and mobile source inventory/projections from Air Resources Board, Emissions Inventory branch, dated July 22, 1998.

** Assumes historic average emissions increase of 30.31 tons per year accumulating each year starting in 1999 from sources potentially subject to offsets (>10 tpy), and discounted by the percentage of assumed offsets due to actual surplus emission reductions (10%) (e.g., 2000 impact = $30.31 \times 10\% \times 2 = 6.06$).

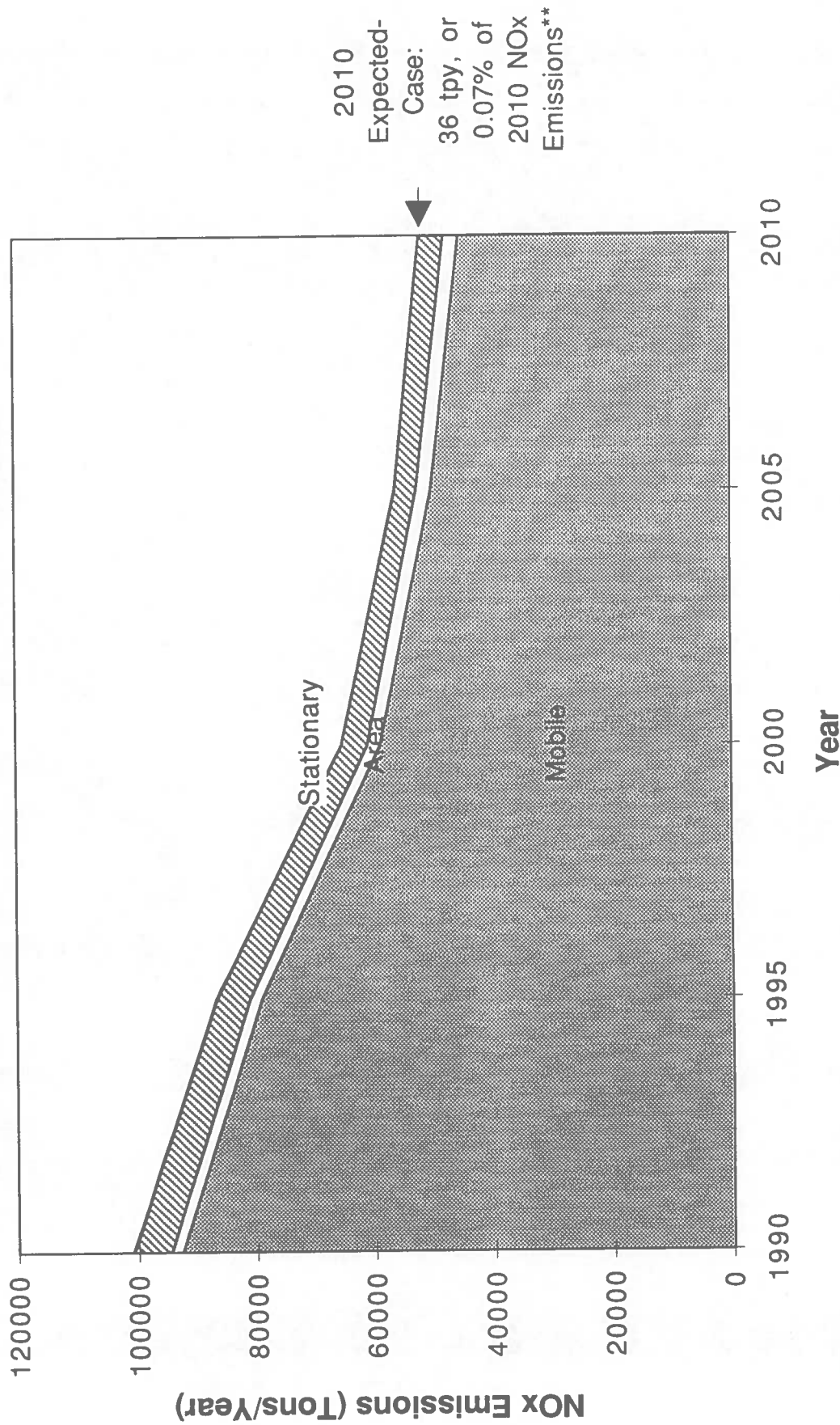
Figure I-1
1990-2010 VOC Emissions
Expected-Case No-Net-Increase Repeal Impact*



*Expected-case assumes: historic average increases from sources >10 tpy; shutdowns comprise 87% of foregone offsets. (See Table I-4 for data points.)

**Increase not of sufficient magnitude to be visible at this scale.

Figure I-2
1990-2010 NOx Emissions
Expected-Case No-Net-Increase Repeal Impact*



*Expected case assumes: historic average increases from sources >10 tpy; shutdowns comprise 90% of foregone offsets. See Table I-5 for data points.

**Increase not of sufficient magnitude to be visible at this scale.

Worst-Case Emissions Increase Analysis

A second analysis was conducted to examine the impact of worst-case emission increases. This worst-case emissions impact scenario is characterized by four very conservative assumptions overstating potential impacts. First, future yearly emission increases from all new and modified businesses emitting over 10 tons annually were assumed to equal the highest annual emission increase over the past five years; 32.11 tons of VOC and 54.57 tons of NOx occurring in 1993 (Table I-3). The 1993 emission increases are overestimated because less-refined (more conservative) emission calculation methods were used prior to adopting the state no-net-increase program in 1994.

Second, the worst-case scenario assumes repealing the state no-net-increase program would result in foregoing all emission reductions that would have been required. In reality, the primary source of offsets is equipment or plant shutdowns (Table I-1). These reductions will continue to occur without the state no-net-increase program. However, no credit was taken for these continuing reductions.

Third, emission increases from businesses were not discounted in future years to reflect increasingly stringent federal and state mandates. In reality, the increased emissions would likely be reduced due to future control requirements on affected equipment reflecting greater availability of technologically feasible and cost-effective control equipment, and lower-emitting process materials.

Lastly, the 1993 emission increases from businesses are assumed to be above and beyond forecasted emissions growth from businesses. In reality, emission projections used in developing the RAQS already account for anticipated emissions growth from all new and modified businesses, including those subject to state offset requirements. Further, the emission projections do not presume any emission reductions resulting from offsets.

Results of the worst-case emission increase analysis are tabulated in Tables I-6 and I-7 and illustrated in Figures I-3 and I-4. In 2000, the worst-case projection indicates total regionwide VOC emissions are 76,021 tons per year. Of that, 64 tons per year (0.1%) is the increase from repealing the no-net-increase program. Similarly, the regionwide NOx emissions in 2000 are projected to be 65,371 tons per year. Of that, 109 tons per year (0.2%) is the increase from repealing the no-net-increase program. In 2010, the worst-case projection indicates total regionwide VOC emissions are 67,472 tons per year. Of that, 385 tons per year (0.6%) is the increase from repealing the no-net-increase program. Similarly, the regionwide NOx emissions in 2010 are projected to be 52,376 tons per year. Of that, 655 tons per year (1.3%) is the increase from repealing the no-net-increase program. The magnitude of these emission increases is negligible, as illustrated in Figures I-3 and I-4.

Between 1995 and 2010, total regionwide VOC and NOx emissions are projected to decrease from 98,842 to 67,087 (31,755) tons per year (32.1%) and from 86,505 to 51,721 (34,784) tons per year (40.2%), respectively, indicating substantial progress toward attaining the state ozone standard. If the no-net-increase program is repealed, between 1995 and 2010 total regionwide VOC and NOx emissions are projected to decrease from 98,842 to 67,472 (31,370) tons per year (31.7%) and from 86,505 to 52,376 (34,129) tons per year (39.5%), respectively. For VOC, the difference in reductions over the 15-year period due to repealing the no-net-increase program is 385 tons per year (31,755 - 31,370 tons per year) or 1.2%. For NOx, the difference in reductions over the 15-year period is 655 tons per year (34,784 - 34,129 tons per year) or 1.8%.

Consequently, as illustrated in Figures I-3 and I-4, even the worst-case analysis indicates repealing the state no-net-increase program results in a *de minimis* difference in emissions and would not halt or reverse the existing trend of decreasing total regionwide emissions. Pursuant to ARB guidance,

this shows the state no-net-increase program is not necessary to meet state ambient air quality standards in San Diego County by the earliest practicable date.

The worst-case impact of stationary-source emission increases resulting from repealing the state no-net-increase program was also analyzed. This analysis is not required by state law nor ARB guidance. In 2000, the projection indicates regionwide VOC emissions from stationary sources are 19,154 tons per year. Of that, 64 tons per year (0.3%) is the increase from repealing the no-net-increase program. Similarly, the regionwide NOx emissions from stationary sources in 2000 are projected to be 4,453 tons per year. Of that, 109 tons per year (2.5%) is the increase from repealing the no-net-increase program. In 2010, the worst-case projection indicates regionwide VOC emissions from stationary sources are 26,154 tons per year. Of that, 385 tons per year (1.5%) is the increase from repealing the no-net-increase program. Similarly, the regionwide NOx emissions from stationary sources in 2010 are projected to be 4,743 tons per year. Of that, 655 tons per year (13.8%) is the increase from repealing the no-net-increase program.

Over the 15-year period between 1995 and 2010, regionwide stationary source VOC emissions are projected to increase due to population and industrial sector growth from 18,141 to 25,769 (7,628) tons per year (42.1%) if the no-net-increase program is retained, and from 18,141 to 26,154 (8,013) tons per year (44.2%) if the program is repealed. Over the same period, stationary source NOx emissions are projected to decrease from 5,621 to 4,088 (1,533) tons per year (27.3%) if the no-net-increase program is retained, and from 5,621 to 4,743 (878) tons per year (15.6%) if the program is repealed. For VOC, the difference in stationary-source emission increases over the 15-year period is 385 tons per year (8,013 - 7,628 tons per year) or 5.1%. For NOx, the difference in stationary-source emission reductions over the 15-year period is 655 tons per year (1,533 - 878 tons per year) or 42.7%.

Summary/Conclusion

Two analyses were conducted to evaluate the potential emissions impact of repealing the no-net-increase program; an expected-case and a worst-case impact analysis. (Attachment IV is the complete analysis.) Even the worst-case analysis indicates the state no-net-increase program is not needed to attain the state ambient air quality's standards by the earliest practicable date. Based on this analysis, the District has prepared a Resolution making the findings required by state law before the state no-net-increase program can be repealed: (1) every feasible control measure has been adopted or scheduled for adoption; (2) the no-net-increase program is not necessary to comply with the transport mitigation requirements of state law; and (3) the state no-net-increase program is not needed to meet state ambient air quality standards by the earliest practicable date.

TABLE I-6
Total Regionwide VOC Emissions (Tons/Year)
Including Worst-Case No-Net-Increase Repeal Impact

Year	Stationary Sources		Area Sources *	Mobile Sources *	Total	% Increase from Program Repeal
	Existing Inventory *	Expected-Case Increase from Program Repeal**				
1990	18,141	-	17,338	83,585	119,063	-
1995	18,141	-	18,031	62,671	98,842	-
2000	19,090	64	16,571	40,296	76,021	0.01%
2005	21,973	224	17,411	30,003	69,611	0.03%
2010	25,769	385	17,958	23,360	67,472	0.06%

* Stationary, area, and mobile source inventory/projections from Air Resources Board, Emissions Inventory branch, dated July 22, 1998.

** Assumes historic high (1993) emissions increase of 32.11 tons per year accumulating each year starting in 1999 from sources potentially subject to offsets (>10 tpy) (e.g., 2000 impact = $32.11 \times 2 = 64.22$).

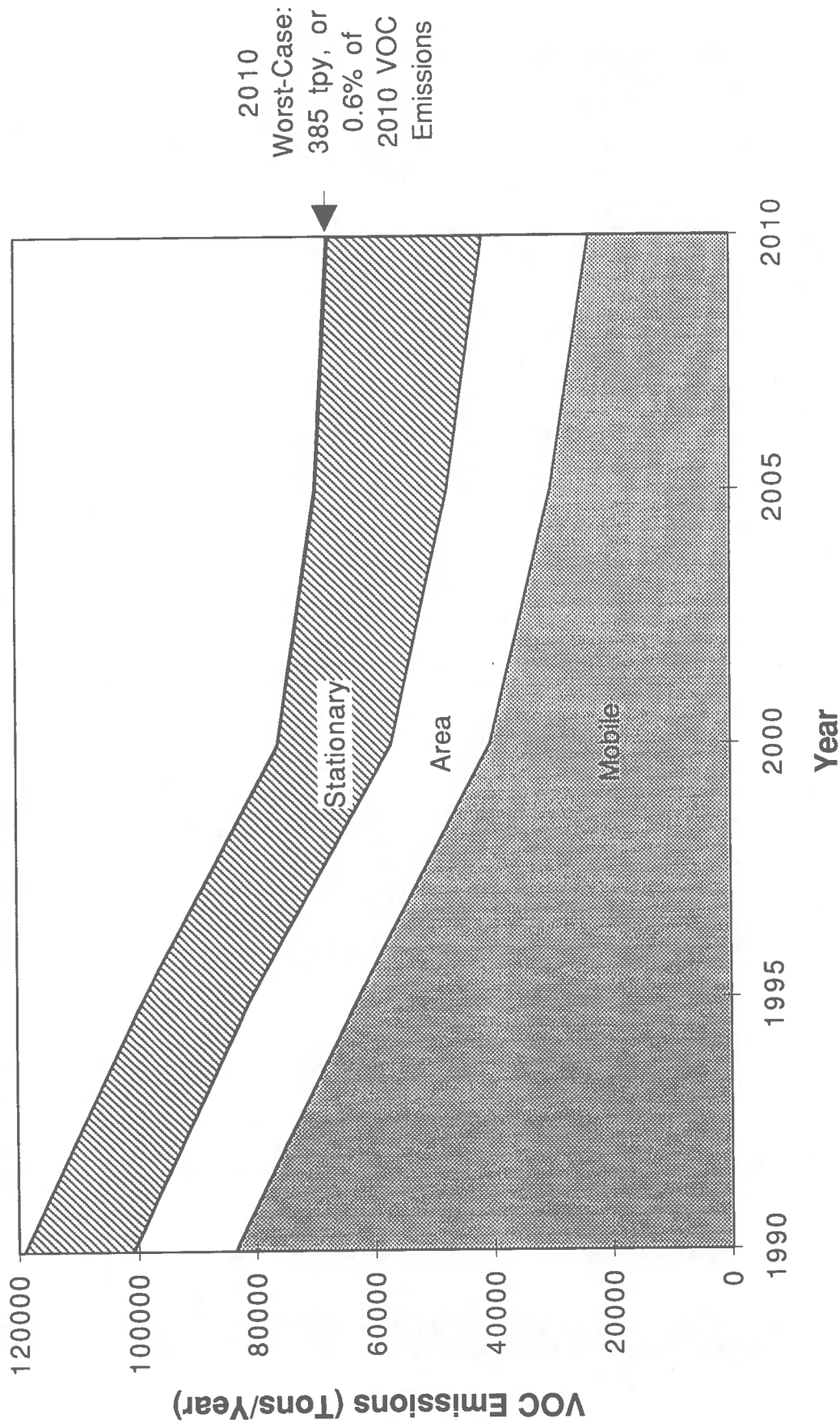
TABLE I-7
Total Regionwide NOx Emissions (Tons/Year)
Including Worst-Case No-Net-Increase Repeal Impact

Year	Stationary Sources		Area Sources *	Mobile Sources *	Total	% Increase from Program Repeal
	Existing Inventory *	Expected-Case Increase from Program Repeal**				
1990	6,315	-	1,898	92,601	100,813	-
1995	5,621	-	2,008	78,877	86,505	-
2000	4,344	109	2,227	58,692	65,371	0.2%
2005	3,614	382	2,409	50,042	56,446	0.7%
2010	4,088	655	2,519	45,114	52,376	1.3%

* Stationary, area, and mobile source inventory/projections from Air Resources Board, Emissions Inventory branch, dated July 22, 1998.

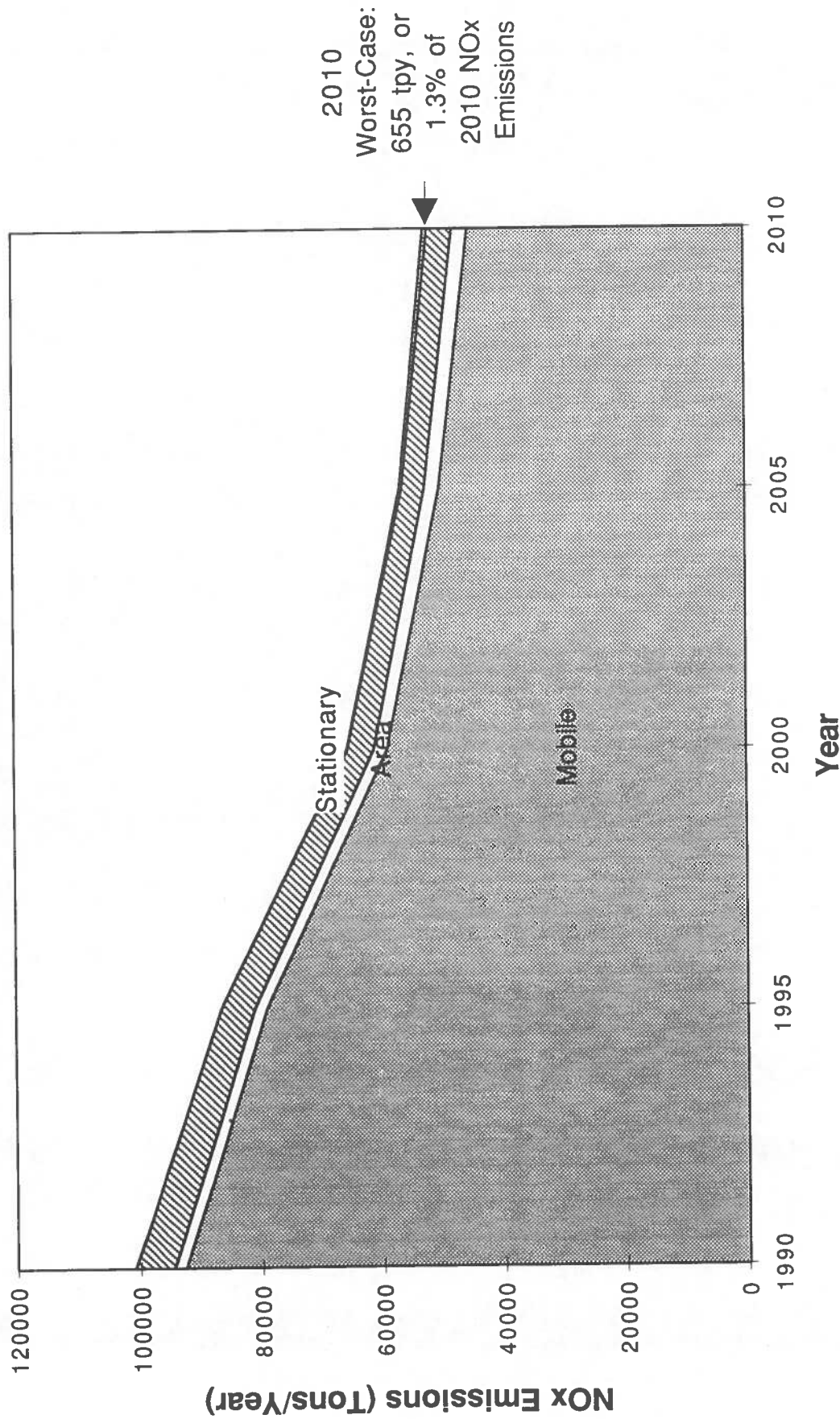
** Assumes historic high (1993) emissions increase of 54.57 tons per year accumulating each year starting in 1999 from sources potentially subject to offsets (>10 tpy) (e.g., 2000 impact = $54.57 \times 2 = 109.14$).

Figure I-3
1990-2010 VOC Emissions
Worst-Case No-Net-Increase Repeal Impact*



Worst-case conservatively assumes: historic high increases from sources >10 tpy; emission increases above and beyond forecasted emissions growth; shutdowns (currently the source of 87% of VOC offsets) will not occur. See Table I-6 for data points.

Figure I-4
1990-2010 NOx Emissions
Worst-Case No-Net-Increase Repeal Impact*



Worst-case conservatively assumes: historic high increases from sources >10 tpy; emission increases above and beyond forecasted emissions growth; shutdowns (currently the source of 100% of NOx offsets) will not occur. See Table I-7 for data points.

NEW SOURCE REVIEW (NSR) RULE CHANGES

The proposed changes to New Source Review Rules 20.1 - 20.4 repealing the state no-net-increase (offsets) program are contained in Attachment VI. These changes cannot be made until the Board certifies the Final Environmental Impact Report (EIR) evaluating environmental impacts associated with these changes and makes the findings contained in Attachment V. After the Board adopts the proposed NSR rule changes to repeal the state offset program, such changes will not be effective until either ARB determines that a no-net-increase program is not needed for San Diego County to achieve and maintain state ambient air quality standards by the earliest practicable date (and transport mitigation requirements are not an issue), or the 60-day period provided in state law for ARB to make such determination has passed and ARB has not made a determination.

Rule 20.1 - New Source Review General Provisions

Reference to emission offset requirements of Rule 20.2 has been deleted because emission offset requirements will no longer apply to this rule.

Rule 20.2 - New Source Review Non-Major Stationary Sources

State emission offset requirements have been deleted. Federal offset requirements do not apply to this rule. Special considerations for air contaminant emission control projects and essential public service projects have been deleted because state emission offset requirements will no longer apply. Provisions regarding use of emission reduction credits (as offsets) from a District Bank have been deleted because state offsets will no longer be required.

Rule 20.3 - New Source Review Major Stationary Sources & PSD Stationary Sources

Emission offset requirements for carbon monoxide have been deleted because the San Diego Air Basin has been redesignated by the federal Environmental Protection Agency to an attainment area for carbon monoxide and offsets are no longer required. Emission offset requirements associated with the state emission offset program have been deleted. Federal emission offset requirements have been retained for sources having emissions of 50 or more tons per year of nonattainment pollutants or precursors.

Rule 20.4 - Portable Emission Units

Emission offset requirements for carbon monoxide have been deleted because the San Diego Air Basin has been redesignated by the federal Environmental Protection Agency to an attainment area for carbon monoxide and offsets are no longer required. Emission offset requirements associated with the state emission offset program have been deleted. Federal emission offset requirements have been retained for sources having emissions of 50 or more tons per year of nonattainment pollutants or precursors. The definition for a "Type II Portable Emission Unit" has been deleted because it is no longer needed.

COMPLIANCE WITH BOARD POLICY

On February 2, 1993, the Board directed that with the exception of a regulation requested by business or a regulation for which a socioeconomic impact assessment is not required, no new or revised regulation shall be implemented unless specifically required by federal or state law. The proposed amendments to New Source Review Rules 20.1 - 20.4 are specifically requested and

supported by local businesses. Also, a socioeconomic impact assessment is not required for these amendments. Therefore, the proposed amendments are consistent with Board policy.

SOCIOECONOMIC IMPACT ASSESSMENT

Section 40728.5 of the State Health and Safety Code requires the District to perform a socioeconomic impact assessment for new and revised rules and regulations significantly affecting air quality or emission limitations. The proposed amendments to New Source Review Rules 20.1 - 20.4 will not significantly affect air quality or emission limitations and will not interfere with the District's adopted plan to attain ambient air quality standards. Therefore, a socioeconomic impact assessment is not required.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

Pursuant to the California Environmental Quality Act (CEQA), an Environmental Impact Report (EIR) was prepared to identify potential adverse environmental consequences resulting from implementing the proposed amendments. The EIR revealed no substantial evidence that the proposed amendments may lead to significant adverse environmental effects.

The Board must review the EIR including any comments received and certify that the Final EIR reflects the Board's independent judgment of potential environmental consequences resulting from the proposed amendments to the NSR rules.

Two comment letters were received during a 45-day comment period, one from ARB and one from the Environmental Health Coalition (EHC). The District prepared written responses to the comments which are included in the Final EIR (Attachment II). ARB requested the impact analysis of the proposed repeal be presented separately for NO_x and VOC emissions, and the analysis address potential impacts on the stationary source inventory as well as total emission inventory. The Final EIR addresses ARB's requests. EHC requested additional analysis regarding the impact of the proposed repeal on ambient air quality; asserted historical emission increases from sources subject to state offset requirements may not be representative of future emission increases from such sources; and requested information demonstrating that little additional opportunity exists for creating surplus emission reductions through process or control technology improvements, among other comments. In response to these comments, the Final EIR clarifies and amplifies information contained in the Draft EIR, and supports the same conclusion that there is no substantial evidence indicating the proposed amendments to the New Source Review Rules 20.1-20.4 may lead to significant adverse environmental effects. At the October 7, 1998, Air Pollution Control District Advisory Committee meeting, EHC reviewed and agreed with the District responses.

The District has also prepared a Certificate of Fee Exemption for De Minimis Impact Finding pursuant to California Code of Regulations, Title 14, Section 753.5(c). The District will be exempted from payment of fees to the California Department of Fish and Game for reviewing the EIR if the Board finds after considering the record as a whole that there is no evidence that adopting the proposed amendments to the New Source Review Rules 20.1-20.4 will have potential for an adverse effect on wildlife resources or the habitat on which the wildlife depends, and the Board finds, on the basis of substantial evidence, that the presumption of adverse effect in California Code of Regulations, Title 14, Section 753.5(d) has been rebutted.

ISSUES

Concern has been raised repealing the state no-net-increase program leaves nothing to slow down industrial growth and associated emission increases. To address this concern, the District performed a worst-case emissions impact analysis characterized by very conservative assumptions, purposely overstating potential impacts. Even assuming this worst-case emissions increase scenario, repealing the state no-net-increase program would not lead to significant air quality impacts. Further, current state Best Available Control Technology requirements as well as federal requirements for Lowest Achievable Emission Rate control technology and offset requirements will be retained, substantially curbing emissions growth from stationary sources. Finally, state law requires triennial review of the need for state offset requirements. The District will address and compare actual emission increases with previously projected increases and consider whether reinstating the state offset requirements is necessary for expeditious local attainment of state air standards.

The Environmental Health Coalition has indicated environmental groups in other areas are concerned that the recommended repeal of the state no-net-increase program would set a precedent for other air districts to follow. In response to this concern, the District contacted other major California air districts to inquire about their intentions. These districts expressed no intent of repealing their state no-net-increase programs.

**FINAL
ENVIRONMENTAL IMPACT REPORT
FOR THE REVISION OF
SAN DIEGO AIR POLLUTION CONTROL DISTRICT
NEW SOURCE REVIEW RULES 20.1, 20.2, 20.3, AND 20.4**

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October 1998

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SUMMARY

S-1. PROJECT SYNOPSIS

The San Diego County Air Pollution Control District (the District) is proposing that its New Source Review Rules 20.1-20.4 be revised to delete a state-mandated program that requires applicants for District permits (Authority to Construct or Permit to Operate) to obtain emission reductions to offset anticipated volatile organic compounds (VOC) and oxides of nitrogen (NO_x) emission increases. The offset requirements would be deleted for sources with the potential to emit greater than 15 tons per year of either pollutant. Repeal of state offset requirements is allowed by California Assembly Bill (AB) 3319, which was enacted in 1996 (Cal. Health & Safety Code § 40918.5 - 40918.6). Federal offset requirements would be retained for sources with the potential to emit 50 or more tons per year. There are currently no offset requirements for sources whose potential to emit is less than 15 tons per year.

The District proposes eliminating these state offset requirements, known as the state no-net-increase program, with the objective of removing a requirement providing little or no air quality benefit, but imposing an adverse economic impact on new and expanding stationary sources. Within San Diego County, there are few permitted sources which could be cost-effectively modified to achieve surplus emission reductions that can be used as offsets and few owners that possess reduction credits from previously completed control actions or prior shutdowns (banked credits) who are willing to sell the credits. The unavailability of emission reduction credits in San Diego County is attributed to the lack of a large industrial base; the technology and controls already required of existing sources to reduce emissions, providing little opportunity for further reductions; and the desire of owners with reduction credits or owners of sources with opportunities for credits to retain these credits for their own future needs. If the no-net-increase program is retained, it is estimated that the collective cost of offsets to the business community would be \$1.3 - \$3 million per year, based on historical offset demand and current offset prices.

Typically, in order to satisfy offset requirements, a new or expanding business financially reimburses another business, that possesses emission reduction credits, for an emission reduction credit certificate. Rarely do any actual emission reductions result from the state offset requirement. In fact, 90 percent of banked emission reduction credits have resulted from equipment or plant shutdowns which occurred for business or economic reasons independent of the state no-net-increase program. In the future, the small percentage (10 percent) of banked emission reduction credits generated by process or control technology improvements is expected to decrease still further due to the long-standing trend of increasingly stringent state and federal mandates. Accordingly, reliance

on equipment or plant shutdowns as the primary source of emission reductions creating offsets is expected to be near 100 percent, with the result that the no-net-increase program will have an increasingly negligible air quality benefit since these types of reductions will occur without the no-net-increase program.

S-2. SUMMARY OF SIGNIFICANT EFFECTS AND MITIGATION MEASURES THAT REDUCE THE SIGNIFICANT EFFECTS

Repealing the state no-net-increase permitting program could potentially result in VOC and NO_x emissions which would be greater than if the program were retained. However, analysis has shown that the magnitude of the potential increase would not be significant (Section 2.1.3). The projected impact of the worst-case emissions increase on ambient air quality is best judged through ozone modeling which relates VOC and NO_x emissions to predicted maximum ambient ozone concentrations (see Section 1.4.4). A previously modeled emissions increase resulted in no statistically significant change in modeled concentrations. The worst-case annual VOC emissions increase projected for the proposed project would be 64 tons or 0.9 percent of the previously modeled emissions increase in 2000, and 385 tons or 5.2 percent of the modeled emissions increase in 2010. The worst-case annual NO_x emissions increase projected for the proposed project would be 109 tons or 2.2 percent of the modeled emissions increase in 2000, and 655 tons or 13.2 percent of the modeled emissions increase in 2010. Even accounting for the smaller regional emission inventories in 2010, the proposed project would not produce a significant increase in ambient ozone concentrations in San Diego County.

No other significant impacts were identified. Further, no significant cumulative impacts were identified. Therefore, no mitigation measures would be required.

S-3. PROJECT ALTERNATIVES

Only the No Project Alternative is required to be analyzed since no significant environmental impacts were identified. Nevertheless, the No Project Alternative and two additional alternatives, a Raise Emissions Threshold Alternative and a Monitor Emissions Increases and Shutdowns Alternative, were analyzed (Section 4.0).

Raise Emissions Threshold Alternative (Section 4.2)

This alternative involves raising the existing New Source Review rule 15-ton per year (tpy) threshold that currently triggers the state offset requirement to a value greater than 15 tpy and less than the 50 tpy federal offset threshold. This alternative would reduce the range of new or modified sources

required to be offset and, thereby, eliminate adverse economic impacts for certain businesses. The level of the proposed new threshold would determine the range and number of new or modified sources that would benefit from this alternative. While the No Project Alternative is the environmentally superior alternative, of the other alternatives considered, the Raise Emissions Threshold Alternative is the environmentally superior alternative.

This alternative would only partially meet the objectives of removing a requirement providing negligible air quality benefits but imposing adverse economic impacts on new and expanding businesses. Further, the alternative would not provide a substantial environmental advantage relative to the Proposed Project. For these reasons, this alternative was rejected.

Monitor Emissions Increases and Shutdowns Alternative (Section 4.3)

Consistent with the approach taken by some other air pollution control districts, this alternative would require the District to revise its air quality plan to budget separately for emissions growth from sources at or above 15 tons per year, to track the emission increases from new or modified sources that would exceed 15 tons annually, and to require offsets for any increases that exceed the growth accounted for in the plan. Emission increases would also be adjusted to account for decreases in stationary source emissions due to shutdowns. Sources might be required to use any currently banked offsets they controlled. This alternative would partially accomplish the specific objectives of discontinuing state offset requirements, but would impose new administrative costs on the District with negligible air quality benefit. This alternative would not provide a substantial environmental advantage relative to the Proposed Project. For these reasons, this alternative was rejected.

No Project Alternative (Section 4.4)

The No Project Alternative would retain the current no-net-increase program, continuing the status quo, and therefore is the environmentally superior alternative. While maintaining the state offset requirement would reduce any potential impact relating to future emission increases that are not offset, this potential does not constitute a significant adverse impact on the environment. Accordingly, the No Project Alternative would not provide a substantial environmental advantage relative to the Proposed Project. Further, it would not accomplish the basic objective of removing a requirement providing negligible air quality benefits but which imposes adverse economic impacts on new and expanding businesses. For these reasons, this alternative was rejected.

S-4. AREAS OF CONTROVERSY

No opposition was filed with the state legislature during consideration of the legislation (AB3319, 1996) authorizing no-net-increase repeal. The District received no communications expressing opposition to the proposed project in response to the Notice of Preparation.

The Draft Environmental Impact Report (EIR) was circulated for public and agency review from August 8, 1998 to September 24, 1998. Written comments were accepted throughout the review period. One agency letter of comment and one public letter of comment were received.

In accordance with regulations and guidelines for the California Environmental Quality Act (CEQA) (Cal. Pub. Res. Code § 21000 et. seq., as amended), the Final EIR provides responses to comments on the Draft EIR. In compliance with those guidelines, the letters, and responses to the letters, are included in Section 9.0 of the Final EIR. As a result of the comments, some of the analyses which are contained in Section 2.0 of the Final EIR have been revised.

S-5. ISSUES TO BE RESOLVED

The scope of the proposed project is limited to specified changes to District Rules 20.1-20.4. No issues remain to be resolved. However, the San Diego Air Pollution Control Board may not complete the rule amendment process until approval by the California Air Resources Board of Air Pollution Control Board findings indicating the no-net-increase program is not necessary to attain state ambient air quality standards by the earliest practicable date.

1.0 PROJECT DESCRIPTION, LOCATION, AND ENVIRONMENTAL SETTING

1.1 PROJECT DESCRIPTION AND LOCATION

The following section provides a detailed description of the proposed project, including project definitions, characteristics, and scheduling. This section also describes the project location.

The following definitions are provided to aid the reader of this Environmental Impact Report (EIR). These are the most commonly used terms in the EIR. A complete list of definitions applicable to the proposed air quality rules changes are included in Rule 20.1, in Appendix A of this EIR.

Attainment/Nonattainment - Geographical areas, such as the San Diego Air Basin (SDAB), may be designated as meeting (attainment) or not meeting (nonattainment) the National Ambient Air Quality Standards (NAAQS) and/or the California Ambient Air Quality Standards (CAAQS) for a given pollutant.

Emission offsets - Emission offsets are actual air emission reductions which are provided to mitigate air emission increases. Emission offsets are provided on a tons-per-year basis. More detail may be found in Appendix A, Rule 20.1, Section (d)(5).

Potential to Emit - The potential to emit is the maximum quantity of air contaminant emissions, including fugitive emissions, that an emission unit (source) is capable of emitting or permitted to emit, as calculated per Rule 20.1 (d)(1).

Precursor - A precursor air contaminant is one which forms or contributes to the formation of a contaminant for which an ambient air quality standard exists. Volatile organic compounds (VOC) and oxides of nitrogen (NO_x) are precursors of ozone.

1.1.1 Project Description

This EIR addresses the San Diego County Air Pollution Control District's (the District) proposed revisions to New Source Review Rules. The District is the lead agency for the proposed project. The rule changes addressed in this EIR differ slightly from the rule changes included in the Notice of Preparation (NOP) dated May 8, 1998 (Appendix B). One group of rule changes which was initially proposed and included in the NOP has since been eliminated from the proposed project. These changes would have allowed interbasin offsets in accordance with policies and procedures

being developed by the U.S. Environmental Protection Agency (USEPA). However, the USEPA protocol is not yet available so the proposal to allow interbasin offsets has been withdrawn.

The New Source Review Rules address the analyses required and conditions applicable to a party who applies for authority to construct and a permit to operate a new source of air contaminant emissions in San Diego County. Specifically, the rules are,

Rule 20.1 - New Source Review - General Provisions

Rule 20.2 - New Source Review - Non-Major Stationary Sources

Rule 20.3 - New Source Review - Major Stationary Sources and PSD Stationary Sources

Rule 20.4 - New Source Review - Portable Emission Units

The proposed revisions would accomplish the following actions:

- For proposed new or modified stationary air pollution sources and portable emission units¹ with the potential to emit 15 to 50 tons per year of VOC or NO_x: Delete the State requirement to obtain emission reductions (offsets) equal to the proposed VOC and NO_x emission increases. The requirement is known as the state no-net-increase permitting program. Sources with the potential to emit 50 tons per year or more of VOC or NO_x would be required to obtain offsets under Federal requirements which are included in, and would remain in, the New Source Review Rules. Additionally, all current requirements to install Best Available Control Technology (BACT) on new or modified equipment would be retained.
- For proposed new or modified sources with a potential to emit 15 tons per year or greater of carbon monoxide (CO): Delete the requirement to obtain emission reductions (offsets) equal to the proposed CO emission increases. This would be an administrative action in accordance with existing provisions in the New Source Review Rules, which provide for deletion of CO offset requirements when the District is redesignated to attainment of the NAAQS for CO. This redesignation occurred in June 1998. Consequently, the CO offset requirement is now obsolete.
- Include administrative and clerical changes to clarify the New Source Review Rules.

¹ Examples of stationary sources that emit more than 15 tons per year of VOC include National Steel and Shipbuilding, Marine Corps Base Camp Pendleton, Weber Baking Company and The Upper Deck Company. Stationary sources that emit more than 15 tons per year of NO_x include SDG&E power plants, Kelco, Qualcomm, and Sea World. Portable sources are those which are designed to be carried or moved from one place to another, and include portable generators and dredge engines on boats or barges.

The proposed revisions would eliminate the state no-net-increase permitting program that provides little or no air quality benefit but imposes an adverse economic impact on new and expanding businesses. Within San Diego County, there are few permitted sources which could be cost-effectively modified to achieve surplus emission reductions that can be used as offsets and few owners that possess reduction credits from previously completed control actions or prior shutdowns (banked credits) who are willing to sell the credits. The unavailability of surplus emission reductions in San Diego County is attributed to: the lack of a large industrial base; the technology and controls already required of existing sources to reduce emissions, providing little opportunity for further reductions; and the desire of owners with reduction credits or owners of sources with opportunities for credits to retain these credits for their own future needs.

Typically, to satisfy offset requirements, a new or expanding business financially reimburses another business possessing emission reduction credits for right to those credits. A recent market price for NO_x offsets was \$30,000 per ton. This is over two times what local businesses are currently paying to reduce emissions by installing BACT. It is estimated that the business community's collective annual costs for offsets required by the no-net-increase program has ranged from \$1.3 million to \$3 million. This does not include additional costs from project delays while offsets are located and negotiated for purchase. Further, the price for offsets will continue to increase as demand increases and supply decreases.

The no-net-increase program is considered unnecessary because it has created negligible emission reductions. In fact, 90 percent of banked emission reduction credits have resulted from equipment or plant shutdowns, which occurred for business or economic reasons independent of the state no-net-increase program. In the future, the small percentage (10 percent) of banked emission reduction credits generated by process or control technology improvements is expected to decrease still further due to the long-standing trend of increasingly stringent state and federal mandates. Accordingly, reliance on equipment or plant shutdowns as the primary source of emission reductions creating offsets is expected to be near 100 percent, with the result that the no-net-increase program will have an increasingly negligible air quality benefit since these types of emission reductions will occur without the no-net-increase program.

Additionally, data suggests emission increases from projects with a potential to emit 15 tons or more annually will continue to be less than the quantity of unbanked emission reductions attributable to shutdowns. (Unbanked shutdowns comprise the large majority of total emissions reductions attributable to shutdowns.) Therefore, considering the effect of shutdowns (both banked and unbanked), emissions impact is expected from repealing the no-net-increase program.

The complete text of the proposed revisions is included in Appendix A of this EIR. The characteristics of the revisions are described in the following paragraphs. The revisions are tabulated sequentially in Table 1-1 and by type of action in Table 1-2.

Table 1-1. Sequential Tabulation of Proposed 1998 Changes to New Source Review Rules

Section	Action	Type of Action
20.1 General Provisions		
(b)	Deletes the phrase "Except as provided below"	Administrative/clerical
(b)(4)	Deletes exemption for certain Rule 69 electrical generating boilers.	Addresses USEPA deficiency
(c)(58)	Prevention of Significant Deterioration	Administrative/clerical
20.2 Non-major Stationary Sources		
Table of contents	Shows deletion of sections (d)(5) and (d)(6)	Administrative/clerical
(a)	Adds replacement emission units to rule applicability	Administrative/clerical
(b)(3)	Deletes an exemption to the rule because the sections exempted from would no longer exist	Administrative/clerical
(d)(5) and (d)(6)	Deletes complete sections for Emission Offsets and Emission Offset Requirements: Use of District Bank Emission Reduction Credits (ERCs)	Deletion of state offset requirements
20.3 Major Stationary Sources and PSD Stationary Sources		
(d)(5)	Deletes applicability of offset requirements for projected emission increases at sources >15 tons per year but <50 tons per year	Deletion of state offset requirements
(d)(5)	Adds applicability of subsections (d)(6), (d)(7) and (d)(8)	Administrative/clerical
(d)(5)(i)	Deletes VOC and NO _x offset requirements for new or modified emission units for sources <50 tons per year	Deletion of state offset requirements
(d)(5)(iii)	Deletes CO offset requirements for new or modified emission units	Deletion of inactive language containing CO offset requirements
(d)(5)(iv)	Deletes VOC and NO _x offset requirements for relocated and replacement emission units for sources <50 tons per year	Deletion of state offset requirements
(d)(8)	Deletes "new" modifying "stationary source"	Administrative/clerical
(d)(8)(i)(B)	Deletes CO offset requirements	Deletion of CO action
20.4 Portable Emission Units		
(c)(3) and (c)(4)	Redefines Type I portable emission units as units that can be operated at sources with aggregate potential to emit <50 tons per year NO _x and <50 tons per year VOC; an increase from 15 tons per year. Deletes Type II classification.	Deletion of state offset requirements

Table 1-1 continued

Section	Action	Type of Action
(c)(3) and (c)(4)	Deletes the limitations on CO emissions for Portable Emission Units	Administrative/clerical related to other proposed changes
(d)(5)(i)	Retains statement that offsets not required for Type I Portable Emission Units, which, because of definition change, deletes requirement for units at sources with potential to emit ≥ 15 tons per year but < 50 tons per year.	Deletion of state offset requirements
(d)(5)(i)	Deletes offset requirement for Type II units	Administrative/clerical
(d)(5)(ii) (d)(5)(iii)	Deletes CO offset requirements	Deletion of inactive language containing CO offset requirements
(d)(5)(v) (A)(1)	Eliminates the less than 15 tons per year offset classification of stationary source for use in offset pool records	Deletion of state offset requirements
(d)(5)(v) (A)(1)	Deletes the CO record keeping requirement for offset pools.	Administrative/clerical related to other proposed changes

Table 1-2. Summary of Proposed Revisions to New Source Rules 20.1-20.4

Rule	Action
Deletion of state offset requirements	
20.2(d)(5) and (d)(6)	Deletes Emission Offsets, Emission Offset Requirements and Use of District Bank Emission Reduction Credits sections.
20.3(d)(5)	Deletes applicability of offset requirements for projected emission increases >15 tons per year but <50 tons per year.
20.3 (d)(5)(i)	Deletes VOC and NO _x offset requirements for new or modified emission units.
20.3(d)(5)(iv)	Deletes VOC and NO _x offset requirements for relocated and replacement emission units for sources <50 tons per year.
20.4(c)(3) and (c)(4)	Redefines Type I portable emission units as units that can be operated at sources with aggregate potential to emit <50 tons per year NO _x and <50 tons per year VOC; an increase from 15 tons per year. Deletes Type II classification.
20.4(d)(5)(i)	Retains statement that offsets not required for Type I, which, because of definition change, deletes requirement for units at sources with potential to emit ≥ 15 tons per year but <50 tons per year.
20.4(d)(5)(v)(A)(1)	Eliminates the less than 15 tons per year offset classification of stationary source for use in offset pool records.
Deletion of CO offset requirements	
20.3(d)(5)(iii)	Deletes inactive language containing CO offset requirements for new or modified emission units.
20.4(d)(5)(ii) and (d)(5)(iii)	Deletes inactive language containing CO offset requirements.
Administrative/Clerical Revisions	
20.1(b)	Deletes the phrase "except as provided below."
20.1(b)(4)	Deletes exemption for certain Rule 69 electrical generating boilers.
20.1(c)(58)	Prevention of Significant Deterioration
20.2 Table of Contents	Shows deletion of section (d)(5) and(d)(6).
20.2 (a)	Adds replacement emission units to rule applicability.
20.2(b)(3)	Deletes an exemption to the rule; because the sections exempted from would no longer exist as part of the proposed revisions.
20.3(d)(5)	Adds applicability of subsections (d)(6), (d)(7) and (d)(8)
20.3(d)(8)	Deletes "new" modifying "stationary source."
20.3(d)(8)(i)(B)	Deletes CO offset requirements.
20.4(c)(3) and (c)(4)	Deletes the limitations on CO emissions for Portable Emission Units.
20.4(d)(5)(i)	Deletes offset requirement for Type II units.
20.4(d)(5)(v)(A)(1)	Deletes the CO record keeping requirement for offset pools.

Repeal of State Offset Requirements for VOC and NO_x

Under current Rule 20.2, Section (d)(5)

“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 nonattainment 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. . .”

Similar wording occurs in Rules 20.3 and 20.4. This wording reflects the state emission reduction requirements.

The proposed revisions would delete the state offset requirements for new or modified stationary sources, and portable emission units that can be operated at stationary sources. The offset requirements were established by the District as mandated in the 1988 California Clean Air Act legislation (Cal. Health & Safety Code § 40919). Currently, for applicable sources with the potential to emit greater than 15 tons per year but less than 50 tons per year of VOC or NO_x, offsets are required on a 1:1 ratio; that is, one ton per year of emission reduction offsets is required for each ton per year of proposed emission increase. Thus, these offset requirements are called the “no-net-increase” permitting program.

Repealing state offset requirements is allowed by California Assembly Bill (AB) 3319, which was enacted in 1996 (Cal. Health & Safety Code § 40918.5 - 40918.6). The requirements may be eliminated if the no-net-increase program is not necessary to achieve and maintain the state ambient air quality standards by the earliest practicable date. Repeal is subject to review, approval, and subsequent review processes as described in Section 1.3.2 of this EIR.

Repealing state offset requirements would not affect Federal offset requirements, which would remain in the District’s New Source Review Rules. Federal offset rules apply to new VOC and NO_x sources with a potential to emit 50 tons per year or more, and major modifications² with a potential to emit of 25 tons per year or more.

² A major modification is a physical or operating change which results, or may result, in an emissions increase at an existing major stationary source.

Deletion of Offset Requirements for CO Emission Increases

The proposed revisions would delete the already inactive wording that would require offsets for major CO emission increases which would occur with the operation of new or modified sources with a potential to emit 100 tons per year or greater of CO. Federal and state laws require offsets for pollutants which are designated as nonattainment in a specific area. The SDAB had been a federal and state nonattainment area for CO. However, state redesignation as a CO attainment area occurred in 1993; federal redesignation occurred in June 1998. Therefore, CO offsets are no longer required by state or federal laws.

Administrative and Clerical Changes

In addition to the substantive changes described in the previous three sections, the proposed revisions contain additions and deletions which intend to clarify and improve the consistency of Rules 20.1-20.4.

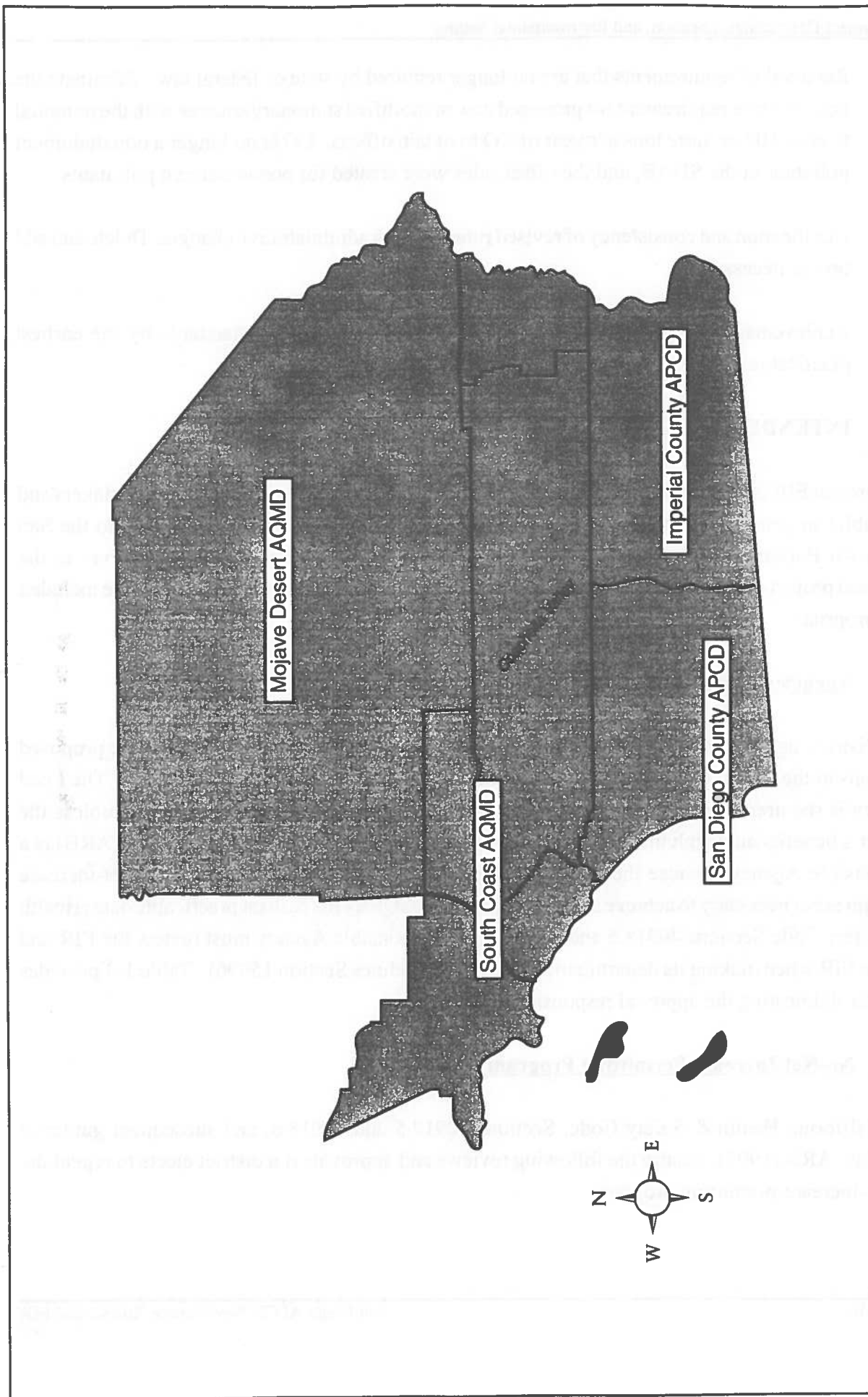
1.1.2 Project Location

The jurisdiction of the District is the County of San Diego. San Diego County is the southwestern-most county in the State of California (Figure 1-1). The District's New Source Review Rules are applicable to sources located within San Diego County. The boundaries of San Diego County are also the boundaries of the SDAB.

1.2 PROJECT OBJECTIVES

The purpose of the proposed project is to modify the District's New Source Review Rules in order to achieve the following objectives:

- Removal of the state no-net-increase permitting program that provides little or no air quality benefit but imposes an adverse economic impact on new and expanding businesses. In practice, most offsets are associated with emission reductions from equipment or plant shutdowns which would occur without the no-net-increase program. Further, emission offsets are very difficult and expensive to obtain. If affected businesses cannot procure the necessary offsets, they will not be permitted to locate or expand.



SOURCE: SCAQMD

COUNTY BORDERS

Figure 1-1

Southern California Air Quality Districts

1.0 Project Description, Location, and Environmental Setting

- Removal of requirements that are no longer required by state or federal law: Eliminate the now inactive requirement for proposed new or modified stationary sources with the potential to emit 100 or more tons per year of CO to obtain offsets. CO is no longer a nonattainment pollutant in the SDAB, and the offset rules were created for nonattainment pollutants.
- Clarification and consistency of revised rules through administrative changes: Delete and add text as necessary.
- Achievement and maintenance of the state ambient air quality standards by the earliest practicable date.

1.3 INTENDED USES OF THE EIR

This project EIR is an informational document that has been prepared to inform decision-makers and the public in general of the environmental effects associated with proposed revisions to the San Diego Air Pollution Control District New Source Review Rules. Reasonable alternatives to the proposed project are discussed, and measures to minimize significant or adverse effects are included as appropriate.

1.3.1 Agencies Using the EIR

The District, as the public agency with the primary responsibility for implementing the proposed revisions to the Rules, is the Lead Agency for the preparation and approval of this EIR. The Lead Agency is required to make changes in a project to lessen or avoid significant effects unless the project's benefits outweigh these effects. The State of California Air Resources Board (ARB) is a Responsible Agency because the ARB has discretionary determination that the no-net-increase program is not necessary to achieve and maintain the CAAQS by the earliest practicable date (Health and Safety Code Sections 40918.5 and 40918.6). A Responsible Agency must review the EIR and use the EIR when making its determination (CEQA Guidelines Section 15096). Table 1-3 provides a matrix delineating the approval responsibilities.

1.3.2 No-Net-Increase Permitting Program Changes

The California Health & Safety Code, Sections 40918.5 and 40918.6, and subsequent guidance issued by ARB (1997), require the following reviews and approvals if a district elects to repeal the no-net-increase permitting program:

Table 1-3. Matrix of Project Approvals/Permits

Agency	Responsibility	Approvals/Permits
San Diego Air Pollution Control District	Lead Agency	Certification of the EIR and implementing authority for the proposed rule revisions
California Air Resources Board	Responsible Agency	Discretionary determination that the no-net-increase program is not necessary to achieve and maintain the CAAQS by the earliest practicable date.

- The San Diego County Air Pollution Control Board shall (a) review an estimate of the growth of emissions, if any, that is likely to occur as a result of elimination of the no-net-increase permitting program; and (b) adopt, or have scheduled for adoption, all feasible measures to achieve and maintain CAAQS, or use an alternative emission reduction strategy.
- The San Diego County Air Pollution Control Board shall find, at a public hearing, that the no-net-increase permitting program is not necessary to achieve and maintain the CAAQS by the earliest practicable date. These findings shall be submitted to the ARB.
- The ARB shall make a determination, within 60 days of the District submission, based on quantifiable and substantial evidence that (a) the no-net-increase permitting program is not necessary to comply with mitigation measurements established for transported air pollutants that cause or contribute to a violation of the CAAQS for ozone; and (b) the no-net-increase permitting program is not necessary to achieve and maintain the CAAQS by the earliest practicable date.
- Upon receipt of the ARB determination, or if no ARB determination is made within the allotted 60 days, the District may repeal the no-net-increase permitting program. The Board finding shall become part of the District attainment plan.
- The District and ARB shall review the District attainment plan at least once every three years. If the ARB then determines (a) a no-net-increase permitting program is necessary to comply with mitigation measurements established for transported air pollutants that cause or contribute to a violation of the CAAQS for ozone; or (b) a no-net-increase permitting program is necessary to achieve and maintain the CAAQS by the earliest practicable date, then the District shall be required to adopt and implement such a program.

1.4 ENVIRONMENTAL SETTING

1.4.1 Meteorology and Climate

San Diego County is bounded on the north by Orange and Riverside Counties, on the east by Imperial County, on the west by the Pacific Ocean, and on the south by the Mexican State of Baja California. The county is divided by the Laguna Mountain Range which runs approximately parallel to the coast about 45 miles inland and separates the coastal area from the desert portion of the county. The Laguna Mountains reach peaks of over 6,000 feet with Hot Springs Mountain peak rising to 6,533 feet, the highest point in the county. The coastal region is made up of coastal terraces that rise from the ocean into wide mesas which then, moving farther east, change into the Laguna Foothills. Farther east, the topography gradually rises to the rugged mountains. On the east side, the mountains drop off rapidly to the Anza-Borrego Desert which is characterized by several broken mountain ranges with desert valleys in between. To the north of the county are the Santa Ana Mountains which run along the coast of Orange County turning east to join with the Laguna Mountains near the San Diego-Orange County border.

The climate of the San Diego Air Basin, as with all of Southern California, is largely dominated by the strength and position of the semi-permanent high pressure system over the Pacific Ocean (known as the Pacific High). This high pressure ridge over the West Coast often creates a pattern of late-night and early-morning low clouds, hazy afternoon sunshine, daytime onshore breezes, and little temperature variation throughout the year. The climatic classification for San Diego is a Mediterranean climate, with warm, dry summers and mild, wet winters. Average annual precipitation ranges from approximately 10 inches on the coast to over 30 inches in the mountains to the east (the desert regions of San Diego County generally receive between 4 and 6 inches per year).

The climate of San Diego, which attracts a large number of people, also works to create air pollution problems. Sinking, or subsiding air from the Pacific High creates a temperature inversion (therefore known as a subsidence inversion), which acts as a lid to vertical dispersion of pollutants. Weak summertime pressure gradients further limit horizontal dispersion of pollutants in the mixed layer below the subsidence inversion. Poorly dispersed anthropogenic emissions, combined with strong sunshine lead to photochemical reactions which create ozone in this surface layer.

Daytime onshore flow (i.e., sea breeze) and nighttime offshore flow (i.e., land breeze) are quite common in Southern California. The sea breeze helps to moderate daytime temperatures in the western portion of San Diego County, which greatly adds to the climatic draw of the region. This also leads to emissions being blown out to sea at night and returning to land the following day.

Under certain conditions, this atmospheric oscillation results in the offshore transport of air from the Los Angeles region to San Diego County. This often results in high ozone concentrations being measured at San Diego County air pollution monitoring stations. Transport of air pollutants from Los Angeles to San Diego has also been shown to occur aloft within the stable layer of the elevated subsidence inversion. In this layer, removed from fresh NO_x emissions which would scavenge ozone concentrations, high levels of ozone are transported into San Diego County.

1.4.2 Consistency of Project with Applicable Regional and General Plans

The Federal Clean Air Act (42 U.S.C. § 7401) requires the adoption of NAAQS to protect the public health, safety, and welfare from known or anticipated effects of air pollution. The NAAQS are updated occasionally. Current standards are set for sulfur dioxide (SO_2), CO, nitrogen dioxide (NO_2), ozone, particulate matter equal to or less than 10 microns in size (PM_{10}), fine particulate matter equal to or less than 2.5 microns in size ($\text{PM}_{2.5}$), and lead (Pb). New federal standards for 8-hour ozone and $\text{PM}_{2.5}$ became effective on September 15, 1997, and policies and systems to implement these new standards will be developed in the coming years. No new controls with respect to the new standards will be required by the USEPA until after the year 2002. The ARB has established CAAQS which are generally more restrictive than the NAAQS. Federal and state standards are shown in Table 1-4.

1.4.3 Compliance with Air Quality Standards

Specific geographic areas are classified as either "attainment" or "nonattainment" areas for each pollutant based upon the comparison of measured data with NAAQS and CAAQS. The SDAB, which is contiguous with San Diego County, currently meets the federal standards for all pollutants except ozone and meets the state standards for all pollutants except ozone and PM_{10} . The SDAB is currently classified as a federal and state "serious" ozone nonattainment area and a state nonattainment area for PM_{10} . The SDAB is a federal "maintenance area" for CO, following a 1998 redesignation as a CO attainment area. The proposed project only concerns ozone and CO since these pollutants are those addressed by the proposed rule changes.

Both federal and state regulatory programs mandate controls on stationary sources in San Diego County which will continue with or without implementation of the proposed project. Under San Diego's federal classification as a serious nonattainment area, federal Clean Air Act requirements include the implementation of Reasonably Available Control Technology (RACT) on existing sources exceeding 50 tons per year of VOC or NO_x (major sources) and other sources in specified categories, Lowest Achievable Emission Rate (LAER) control technology for new or expanding major VOC or NO_x sources, and BACT for new or expanding sources of other pollutants. Emission

Table 1-4. State and Federal Ambient Air Quality Standards

Pollutant	Averaging Time	California Standards	National Standards	
		Concentration	Primary	Secondary
Ozone (O ₃)	1 Hour	0.09 ppm (180 µg/m ³)	0.12 ppm (235 µg/m ³)	Same as Primary Standard
	8 Hour ^a		0.08 ppm	
Carbon Monoxide (CO)	8 Hour	9.0 ppm (10 mg/m ³)	9.0 ppm (10 mg/m ³)	-
	1 Hour	20 ppm (23 mg/m ³)	35 ppm (40 mg/m ³)	
Nitrogen Dioxide (NO ₂)	Annual Average	-	0.053 ppm (100 µg/m ³)	Same as Primary Standard
	1 Hour	0.25 ppm (470 µg/m ³)	-	
Sulfur Dioxide (SO ₂)	Annual Average	-	80 µg/m ³ (0.03 ppm)	-
	24 Hour	0.04 ppm (105 µg/m ³)	365 µg/m ³ (0.14 ppm)	-
	3 Hour	-	-	1300 µg/m ³ (0.5 ppm)
	1 Hour	0.25 ppm (655 µg/m ³)	-	-
Suspended Particulate Matter (PM ₁₀)	Annual Geometric Mean	30 µg/m ³	-	-
	24 Hour	50 µg/m ³	150 µg/m ³	-
	Annual Arithmetic Mean	-	50 µg/m ³	
Fine Particulate Matter (PM _{2.5})	24 Hour ^a		65 µg/m ³	
	Annual Arithmetic Mean ^a		15 µg/m ³	
Sulfates (SO ₄)	24 Hour	25 µg/m ³	-	-
Lead (Pb)	30 Day Average	1.5 µg/m ³	-	-
	Calendar Quarter	-	1.5 µg/m ³	Same as Primary Standard
Hydrogen Sulfide (HS)	1 Hour	0.03 ppm (42 µg/m ³)	-	-
Vinyl Chloride (chloroethene)	24 Hour	0.010 ppm (26 µg/m ³)	-	-
Visibility Reducing Particles	8 Hour (10 am-6 pm, Pacific Standard Time)	Insufficient amount to produce an extinction coefficient of 0.23 per kilometer due to particles when the relative humidity is less than 70%.	-	-

Source: ARB Fact Sheet 39 (11/91); South Coast Air Quality Management District (SCAQMD) bulletin (8/97)

1. California standards, other than ozone, carbon monoxide, sulfur dioxide (1 hour), nitrogen dioxide, PM₁₀, are values that are not to be equaled or exceeded. The ozone, carbon monoxide, sulfur dioxide (1 hour), nitrogen dioxide, and PM₁₀ 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.
4. 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 USEPA.
5. 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 USEPA.
6. 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.
7. The annual PM₁₀ state standard is based on the geometric mean of all reported values taken during the year. The annual PM₁₀ national standard is based on averaging the quarterly arithmetic means.
8. Standard effective September 15, 1997; controls to be required after 2002.

offsets are required for new or expanding major VOC or NO_x sources at a ratio of 1.2 tons of offsets for every additional ton emitted. Districts implement these requirements through local rules, with oversight from the USEPA and the ARB.

Districts also implement controls mandated by the California Clean Air Act. These include BACT for new or expanding sources emitting at least 10 pounds per day of VOC or NO_x and Best Available Retrofit Control Technology (BARCT) for all existing sources.

BACT, LAER, RACT and BARCT control standards are determined by Districts in consultation with ARB and USEPA. As new technologies or source categories are developed, Districts incorporate new RACT and BARCT standards into District rules. The feasibility of BACT, RACT and BARCT standards takes into account emission reduction potential, availability of control technology, and cost-effectiveness. Determination of LAER standards considers only achievability of implementation.

1.4.4 Plans to Attain the CAAQS

Under the California Clean Air Act (CCAA) (Cal. Health & Safety Code § 10000), districts are to develop plans to attain the CAAQS for ozone by the earliest practicable date. The CCAA also requires these plans to demonstrate emission reductions of nonattainment pollutants, or their precursors, of at least five percent annually, averaged over three years. If a district cannot achieve these reductions, the CCAA provides that districts can develop approvable plans provided the plans commit to the implementation of every feasible measure on an expeditious schedule. The Legislature wanted to ensure steady and expeditious progress towards meeting the state standard, and also wanted to provide flexibility as many more mature California air pollution programs would be challenged by a rigid emission reduction target. Including every feasible measure and an expeditious adoption schedule provides a way of ensuring continuous progress in meeting the ambient air quality standards (ARB 1998).

The District developed the San Diego Regional Air Quality Strategy (RAQS) pursuant to the CCAA. The RAQS identifies emission control measures to be implemented to provide expeditious progress toward attaining the state ozone ambient air quality standard. The District is required to review and, if necessary, revise the RAQS at least every three years (Cal. Health & Safety Code §§ 40924-40925). The most recent revision was adopted by the Air Pollution Control Board on June 17, 1998.

CEQA Guidelines Section 15125 (c) require that an EIR discuss consistency of a proposed project with an adopted plan, and in so doing examine existing and potential physical conditions discussed in the plan. For this project, the RAQS and the San Diego portion of the State Implementation Plan

(SIP) for Ozone described below, are the relevant adopted plans and "existing physical conditions" are the estimated near-term and long-term future emission inventories. Effects of the project to be evaluated in this context are the potential changes to the near-term and long-term future emission inventories, which are presented in Section 2.1.3, Tables 2-5 and 2-6, and resulting impacts on ambient air quality.

The RAQS includes District New Source Review Rules 20.1 through 20.4 as the state no-net-increase permitting program pursuant to H&SC §40919. However, the RAQS does not assume any emission reductions induced by the state emission offset requirement. In addition, the RAQS projects growth in air contaminant emitting activities (stationary, mobile, and area) and includes the effects of that growth in its forecast of future emission reduction trends. Elimination of the no-net-increase program is consistent with these growth projections.

Furthermore, H&SC §40918.6(1) specifies that "the district governing board's finding [that the no-net-increase permitting program is not necessary to achieve and maintain the state ambient air quality standards by the earliest practicable date] shall, by operation of law, become part of the district's attainment plan [RAQS]." Therefore, the proposed project, revising District New Source Review Rules 20.1 through 20.4 to delete the state no-net-increase permitting program, is consistent with the RAQS.

1.4.5 Plans to Attain the NAAQS

The 1994 Ozone SIP for San Diego County was adopted pursuant to the Federal Clean Air Act to identify emission control measures being implemented in San Diego County to attain the federal one-hour ozone standard by 1999. The 1999 attainment date was demonstrated using the District's Urban Airshed Model, which predicts maximum peak ozone concentrations based on meteorological conditions and daily emissions of VOC and NO_x (APCD 1997b). The model takes into account growth in emission sources, and emission control measures required by District rules and state or federal regulations. The model was evaluated using extensive meteorological and air quality data gathered in the field. The model indicates that ambient ozone concentrations are particularly sensitive to meteorological events, and less so to small (less than 10,000 tons per year of VOC and/or NO_x) changes in the inventory of VOC and NO_x emissions.

The 1994 Ozone SIP was incorporated into the 1995 RAQS revision. In September 1996, the 1994 ozone SIP was approved by the USEPA (APCD 1998a). The SDAB attainment demonstration/SIP projects growth in air contaminant emitting activities (stationary, mobile, and area) and includes the effects of that growth in its forecast of future emission reduction trends and attainment demonstration. The SIP includes the portions of District New Source Review Rules 20.1 through 20.4 that apply to federal

major sources pursuant to the Federal Clean Air Act. The proposed project does not amend the portions of the District New Source Review rules that apply to federal major sources. Therefore, the proposed project, revising District New Source Review Rules 20.1 through 20.4 to delete the state no-net-increase permitting program, is consistent with the SIP.

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2.0 ANALYSIS OF POTENTIALLY SIGNIFICANT ENVIRONMENTAL EFFECTS

The proposed project involves revisions of air quality regulations. Therefore, the environmental issue of greatest concern and with the greatest potential for significant impact is air quality. All other relevant environmental issues are addressed in Section 6.0, Environmental Effects Found Not to be Significant.

2.1 AIR QUALITY

2.1.1 Existing Conditions

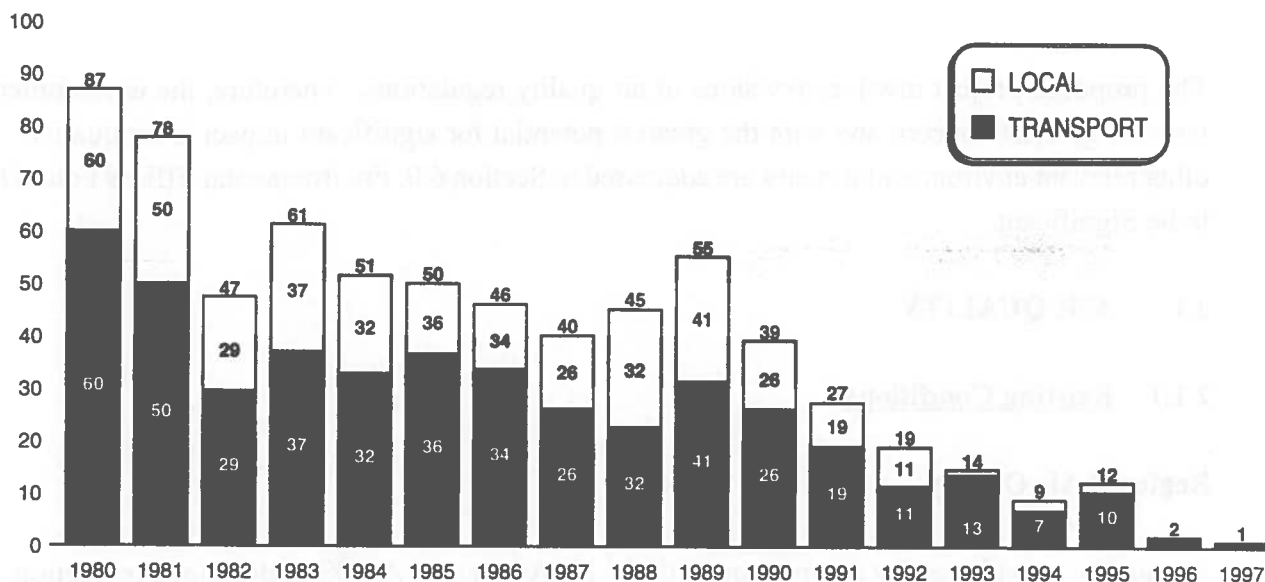
Regional Air Quality

Air quality is evaluated by comparison with the NAAQS and CAAQS as described in Section 1.4 of this EIR. As described in that section, the SDAB currently meets the federal standards for all pollutants except ozone and meets the state standards for all pollutants except ozone and PM₁₀. The SDAB is currently classified as a federal and state "serious" ozone nonattainment area and a state nonattainment area for PM₁₀. The SDAB is a federal "maintenance area" for CO, following a 1998 redesignation as a CO attainment area.

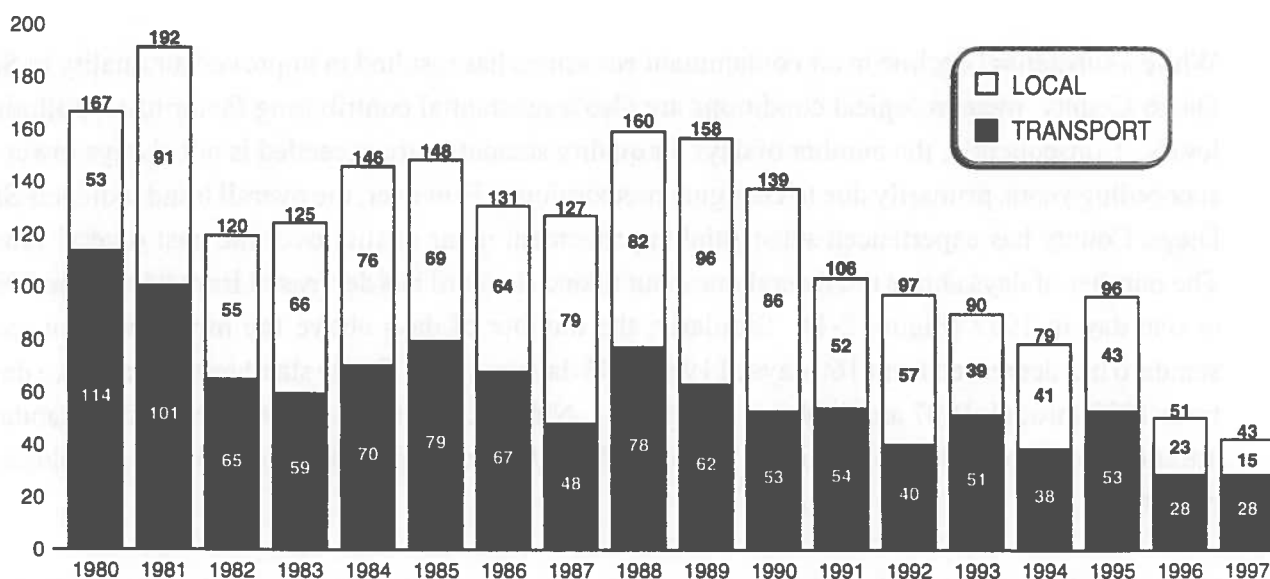
While a substantial decline in air contaminant emissions has resulted in improved air quality in San Diego County, meteorological conditions are also a substantial contributing factor to air pollution levels. Consequently, the number of days air quality standards are exceeded is not always lower in succeeding years, primarily due to changing meteorology. However, the overall trend indicates San Diego County has experienced substantial improvement in air quality over the past several years. The number of days above the federal one-hour ozone standard has decreased from 45 days in 1988 to one day in 1997 (Figure 2-1). Similarly, the number of days above the more stringent state standard has decreased from 160 days in 1988 to 43 days in 1997. Ozone standards exceedance days from 1980 through 1997 are shown in Figure 2-1. Nine exceedances of the federal ozone standard are anticipated for 1998 due, in part, to unusually high temperatures and unfavorable meteorological conditions.

Unhealthful air quality in the SDAB is not solely caused by local pollution sources. Depending on the meteorological conditions, smog can be transported into the basin from the South Coast Air Basin (SCAB) as well as from Mexico. Joint analyses by the staffs of the Air Resources Board and

Number of Days Exceeding Federal One Hour Ozone Standard



Number of Days Exceeding State One Hour Ozone Standard



SOURCE: San Diego Air Pollution Control District, 1997

Figure 2-1
San Diego Air Basin
Exceedances of Ozone Standards

the District demonstrate that smog from transport from either the SCAB or Mexico can be classified as overwhelming on some days, significant on some days, and inconsequential on others. The most likely site to be impacted by transport from Mexico is the monitoring site located at the border at Otay Mesa. Light to moderate southerly/southeasterly winds can cause emissions from Mexico to be transported to the Otay Mesa site, thereby leading to an ozone exceedance. With respect to transport from the SCAB, pollutants transported offshore from the SCAB at night by the land breezes are caught up in the prevailing northwesterly flow offshore and are subsequently blown toward the coastal area of the SDAB. While all the air monitoring sites have been influenced by transport from the SCAB at one time or another, the sites at Del Mar and Oceanside see most of the surface transported pollutants from SCAB.

Ozone transport aloft has also been investigated by the staffs of the ARB and the District. These studies have shown that ozone layers aloft are a common and persistent feature in Southern California. Pollutants transported aloft from the SCAB impact the San Diego foothill site of Alpine on numerous occasions throughout the year.

Historically, most exceedances of the federal standard, and approximately 50 percent of the exceedances of the state standard, have been attributed to transported pollutants (Figure 2-1). From 1993-1995, local pollution was the source of one or two federal exceedances each year. In 1996 and 1997, local pollution did not cause an exceedance of the federal one-hour ozone standard. It is suspected that many, if not most, of the anticipated 1998 violations are, or will be, due to transported air from the SCAB.

Peak ozone concentrations measured in the community of Alpine, where the highest concentrations in the county are found, decreased 11 percent between the 1986-1988 base period and the 1994-1996 end period. During the same periods, county-wide, area-weighted exposure (based on the geographic extent of air pollution) decreased 51 percent, while population-weighted exposure (emphasizing air pollution levels in populated areas) decreased 61 percent (APCD 1998a).

The CO standards have not been exceeded since 1990. Consequently, the county was redesignated to attainment for the state CO standards in 1993. Attainment of the federal CO standards was promulgated in February 1998, along with federal approval of the state's CO maintenance plan. Additional data relative to regional air quality is included in Appendix C (San Diego Regional Air Quality Progress) of this EIR.

Regional Emissions

Emissions of VOC and NO_x for the years 1994-1997 are shown in Table 2-1. The table shows a reduction in emissions each year since 1994.

**Table 2-1. Regional Emissions, 1994-1997
Volatile Organic Compounds (VOC) and Oxides of Nitrogen (NO_x)**

Pollutant	Source	Emissions (tons/day (tpd) and tons/year (tpy)) ¹					Average Annual Reduction 1995-1997
			1994	1995 ²	1996 ²	1997 ²	
VOC	Stationary Sources	tpd	99.88	97.31	95.78	95.37	-1.5%
		tpy	36,456	35,518 (-2.6%)	34,960 (-1.6%)	34,810 (-0.4%)	
	Mobile Sources	tpd	175.19	171.57	141.84	135.91	-7.9%
		tpy	63,944	62,623 (-2.1%)	51,772 (-17.3%)	49,607 (-4.2%)	
	Total	tpd	275.07	268.88	237.62	231.28	-5.5%
		tpy	100,401	98,141 (-2.3%)	86,731 (-11.6%)	84,417 (-2.7%)	
NO _x	Stationary Sources	tpd	24.96	24.19	22.25	21.13	-5.4%
		tpy	9,110	8,829 (-3.1%)	8,121 (-8.0%)	7,712 (-5.0%)	
	Mobile Sources	tpd	217.93	213.86	193.97	188.42	-4.7%
		tpy	79,544	78,059 (-1.9%)	70,799 (-9.3%)	68,773 (-2.9%)	
	Total	tpd	242.89	238.05	216.22	209.55	-4.8%
		tpy	88,655	86,888 (-2.0%)	78,920 (-9.2%)	76,486 (-3.1%)	

Source: APCD 1998a

¹ Original data in tons per day (tpd) is converted to tons per year (tpy) for use in this EIR.

² Numbers in parentheses are percentage change from previous year.

The most recent inventory of larger sources in San Diego County shows that there are three sites with VOC emissions greater than 50 tons per year, and 35 sites with VOC emissions in the 10-50 tons per year range.³ The total estimated VOC emissions of the 35 sites is 820 tons per year, which

³ The proposed rules changes address sources with the Potential to Emit (PTE) 15 tons per year of VOC or NO_x. Analyses in this section of the EIR consider sources with actual emissions exceeding 10 tons per year, which is somewhat conservative, and allows for the capture of data for sources which may have a PTE at or near 15 tons per year and are operating at less than the PTE.

is approximately 2.4 percent of the annual emissions for stationary sources shown in Table 2-1, and less than one percent of the total annual VOC emissions.

The inventory shows seven sites with NO_x emissions greater than 50 tons per year and 33 sites in the 10-50 tons per year range. The total estimated NO_x emissions of the 33 sites is 816 tons per year, which is approximately 10.6 percent of the annual emissions for stationary sources shown in Table 2-1, and slightly more than one percent of the total annual NO_x emissions.

The total number of sites with VOC or NO_x emissions exceeding 10 tons per year is 64, including six military installations, two electrical power generation facilities, six hospitals, three educational institutions, and 47 industrial facilities. Their geographical distribution is shown in Table 2-2.

Table 2-2. Location of Sites with VOC or NO_x Emissions Greater Than 10 Tons Per Year

Location	Number of Sites
Camp Pendleton/San Onofre	2
Carlsbad	5
Chula Vista	4
Coronado	1
El Cajon	4
Escondido	2
Lakeside	1
La Mesa	1
Oceanside	1
San Diego ¹	41
San Marcos	2

¹ includes two sites in La Jolla and one in San Ysidro

2.1.2 Thresholds of Significance

Pursuant to Appendix G of the CEQA Guidelines (Cal. Code Regs. Title 14, §15000), a project will normally be deemed to have a significant air quality effect if it will:

- violate any ambient air quality standard;
- contribute substantially to an existing or projected air quality violation; or
- expose sensitive receptors to substantial pollutant concentrations.

Additionally, pursuant to the federal and state Clean Air Acts, the District may not approve a project which will

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

The ARB, the state oversight agency for California's air quality programs, issued guidance in 1997 establishing criteria for determining whether a district's no-net-increase permitting program is necessary to attain state ambient air quality standards by the earliest practicable date (ARB 1997). The ARB guidance (pages 5-6) states:

To repeal its no-net-increase permitting provision, a district governing board must find that such a provision is not necessary to attain and maintain the state AAQS [Ambient Air Quality Standard]. ARB staff needs evidence that the repeal of this provision will not impede the district's progress toward attaining and maintaining the state AAQS. Staff recommend that the district compare its estimate of the growth in emissions to projections of stationary source, mobile source, and total emission trends from the most recent inventory year to a reasonable planning horizon, such as the timeframe used in triennial updates. For example, if the trend line for total emissions slopes downward, it is reasonable to conclude that the district is making progress towards achieving the state AAQS. In this example, growth in the stationary source emissions trend due to repeal of the no-net-increase permitting program may not significantly impact overall progress toward attainment. A flat or upward slope in the total emission trend would indicate that a district is not making progress towards achieving the state AAQS.

Thus, the guidance indicates the critical test regarding the necessity of the no-net-increase program is the impact of program elimination on total regional emissions. The state offset requirement is considered unnecessary to meet CAAQS by the earliest practicable date if program elimination would not:

- halt or reverse an existing trend of decreasing total region-wide emissions.

In that halting or reversing an existing trend of decreasing total regionwide emissions would prevent or interfere with attainment of the ambient air quality standard for ozone, this test for the necessity of the no-net-increase program is a threshold of significance for the proposed project. It should also be noted that both emission inventories and air quality data are compiled on an annual basis.

Because the total emission trend can only be determined on the basis of these inventories and air quality data, any delay in attainment must be evaluated using these data.

2.1.3 Analysis of Project Effects and Determination as to Significance

The District proposes amending its NSR rules to eliminate requirements that VOC or NO_x emission increases, at new and modified businesses having a potential to emit 15 tons or more per year of either pollutant, be offset with an equal emission reduction. This offset requirement is referred to as the state no-net-increase program. Federal emission offset requirements would still be applicable to sources having the potential to emit 50 tons or more per year.

Four analyses were conducted to determine the environmental effects of the proposed deletion of the no-net-increase program:

- 1) An examination of the source of offsets in the current emission reduction credit bank to determine whether these resulted from additional emission controls not required by current District rules or instead from equipment or plant shutdowns that would have occurred without the offset requirement;
- 2) An analysis of the emissions impact of the repeal of offset requirements, under (A) worst-case and (B) expected-case assumptions;
- 3) A comparison of the magnitude of unbanked equipment and plant shutdowns to increases triggering the offset requirement.
- 4) An analysis of past project applications to determine the extent of emission increases that would have occurred had the projects not been constrained by the state offset threshold.

In addition, the potential for exposure of sensitive receptors to substantial pollutant concentrations was separately analyzed.

2.1.3.1 Source of Emission Offsets

Where offsets are required and the applicant is not holding sufficient emission reduction credits, offsets are usually obtained by paying another company that has voluntarily reduced its emissions in return for the rights to the resulting emission reduction credits. These credits are approved by the District and recorded (banked) in an offset bank which is tracked by the District. Depending on the

timing of credit availability and demand from expanding or new businesses, offsets may be retained temporarily in the offset bank.

District analysis of the offset bank as shown in Table 2-3 indicates that the large majority (90 percent) of currently banked emission reduction credits resulted from equipment or plant shutdowns which occurred for economic and business reasons, independent of the state offset requirement. (The conclusion that such shutdowns occurred independent of the state offset requirement is supported by the fact that a majority of shutdowns are never banked [see Section 2.1.3.3]; unbanked shutdowns annually averaged 125 tons of VOC and 46 tons of NO_x during 1993-1997). The remainder of banked reductions (10 percent) resulted from process or control technology improvements. These were motivated by process or product improvement considerations, of which the creation of tradable emission reduction credits was only one factor. Appendix D lists the emission reductions credits currently registered in the District's offset bank and how they were created.

Table 2-3. Banked Emission Reduction Credits, San Diego County (tons per year)

VOC	NO _x	Subtotal	Percent of Total	Reason For Emission Reduction
227.93	63.05	290.98	90%	Equipment or plant shutdown
33.30	0.0	33.30	10%	Process modification or controls
261.23	63.05	324.28	100%	--

Source: San Diego County Air Pollution Control District, 1998

The analyses of the sources of emission reduction credits available for purchase or use as offsets indicates that the no-net-increase program has created very few additional emission reductions. In fact, Table 2-3 indicates 100 percent of the banked NO_x reductions resulted from equipment or plant shutdowns, which would have occurred without the no-net-increase program. In the future, the small quantity of banked VOC emission reduction credits generated by process or control technology improvements is expected to decrease. This is due to the continuing trend of increasingly stringent stationary source control requirements reflecting state and federal mandates and the greater availability of technologically feasible and cost-effective control equipment and lower-emitting process materials meeting control requirement criteria.

Once new equipment or processes cost-effectively reducing emissions become available, they generally become the new standard for BACT required for new or modified sources, or BARCT required for existing sources. As a result, these technologies are not available for generating emission reduction credits, since emission reduction credits may only be granted for shutdowns and

for emission reductions that are more stringent than current or future committed emission controls (Health and Safety Code Section 40709). The District has already adopted or scheduled for adoption every feasible emission control measure as required by state law (Health and Safety Code Section 40918.5). As future control requirements become more stringent, the opportunities to create emission reduction credits from process changes or emission controls become more limited and more expensive. Accordingly, reliance on equipment or plant shutdowns as the primary source of offsets is expected to be near 100 percent. Consequently, the no-net-increase program will have an increasingly negligible air quality benefit, since these types of reductions will occur without the no-net-increase program.

The current strong market for offsets (see Section 1.1.1) has thus far not been sufficient to encourage substantial quantities of emission reductions through process improvements. (Indeed, if surplus emissions reductions could be cost-effectively achieved, it is logical to conclude the percentage of such reductions in the bank would be far higher.) If the proposed project is not implemented, strong demand for offsets is likely to continue. However, for the foregoing reasons, the most likely result of continuing the no-net-increase program would be greater expenditure of effort by operators of facilities needing offsets to track down and record unbanked shutdowns in the District's offset bank, rather than increasing generation of credits through process improvements. This result would increase transaction and permitting costs for expanding or new businesses with no requisite benefit to air quality. Conversely, the proposed project repealing the no-net-increase program would not cause a violation of any air quality standard, contribute substantially to an existing violation, or prevent or interfere with attainment of any standard.

2.1.3.2 Potential Air Quality Impact

To predict future emissions from sources potentially subject to offset (i.e., with a potential to emit 15 tons per year of VOC or NO_x), an analysis was conducted to identify predictive relationships, if any, between emissions from these sources in past years and economic or demographic indicators. Emission increase from the subject sources between 1993-1997 were compared with population increases, manufacturing employment, non-manufacturing employment, and total employment. No correlation was detected. Likely this is because such sources are relatively limited in the SDAB, for reasons unrelated to the economy. Therefore, an analysis was conducted by projecting the five-year historical increase trend using A) worst-case and B) expected-case assumptions to examine the potential emissions impact of eliminating the no-net-increase program.

Worst-Case Impact

In order to define the worst case, emissions data for the years 1993-1997 for individual applications were verified by reviewing engineering evaluations and test data on a spot basis. Sources with *actual* emissions exceeding 10 tons were considered to reflect sources with a *potential to emit* more than 15 tons per year. This approach was necessary because the emissions information for sources shows actual emissions, not potential emissions. Table 2-4 lists the total emission increases from new or modified equipment at sources with emissions exceeding 10 tons per year by pollutant and year.

Table 2-4. 1993-1997 Incremental Emission Increases (Tons/Year) from Facilities Emitting >10 Tons/Year of Ozone Precursor Emissions

Pollutant	Year				
	1993	1994	1995	1996	1997
VOC	32.11*	9.16	7.52	2.57	17.2
NO _x	54.57*	46.59	6.67	34.14	9.59
Total	86.68	55.75	14.19	36.71	26.7

Source: San Diego County Air Pollution Control District, 1998

* Emission increases in 1993 are overestimated due to less-refined emission calculation methods used prior to 1994 adoption of the state no-net-increase program.

As shown in the table, the most emissions increases in the five-year period occurred in 1993. In that year, increased annual emissions (the portion to be offset) at the stationary sources with new and modified permits emitting over 10 tons per year was approximately 32 tons of VOC and 55 tons of NO_x. However, it should be noted that 1993 emission increases are overestimated due to less-refined emission calculation methods used prior to the adoption of the state no-net-increase program in 1994. For example, engineering evaluations would typically assume the maximum possible daily emissions from new equipment to occur every day. If the project showed compliance with these worst-case assumptions, no further refinement of the emissions calculation was made, to minimize processing costs.

To put the magnitude of the 1993 emissions increases into perspective, 32 tons of VOC per year is less than the emissions increases that could be approved without offsets from three small new businesses that emit less than 15 tons per year.⁴ Similarly, 55 tons of NO_x per year is less than the

⁴ Examples of new businesses emitting less than 15 tons of VOC per year include certain commercial printing operations and electronic products manufacturing operations.

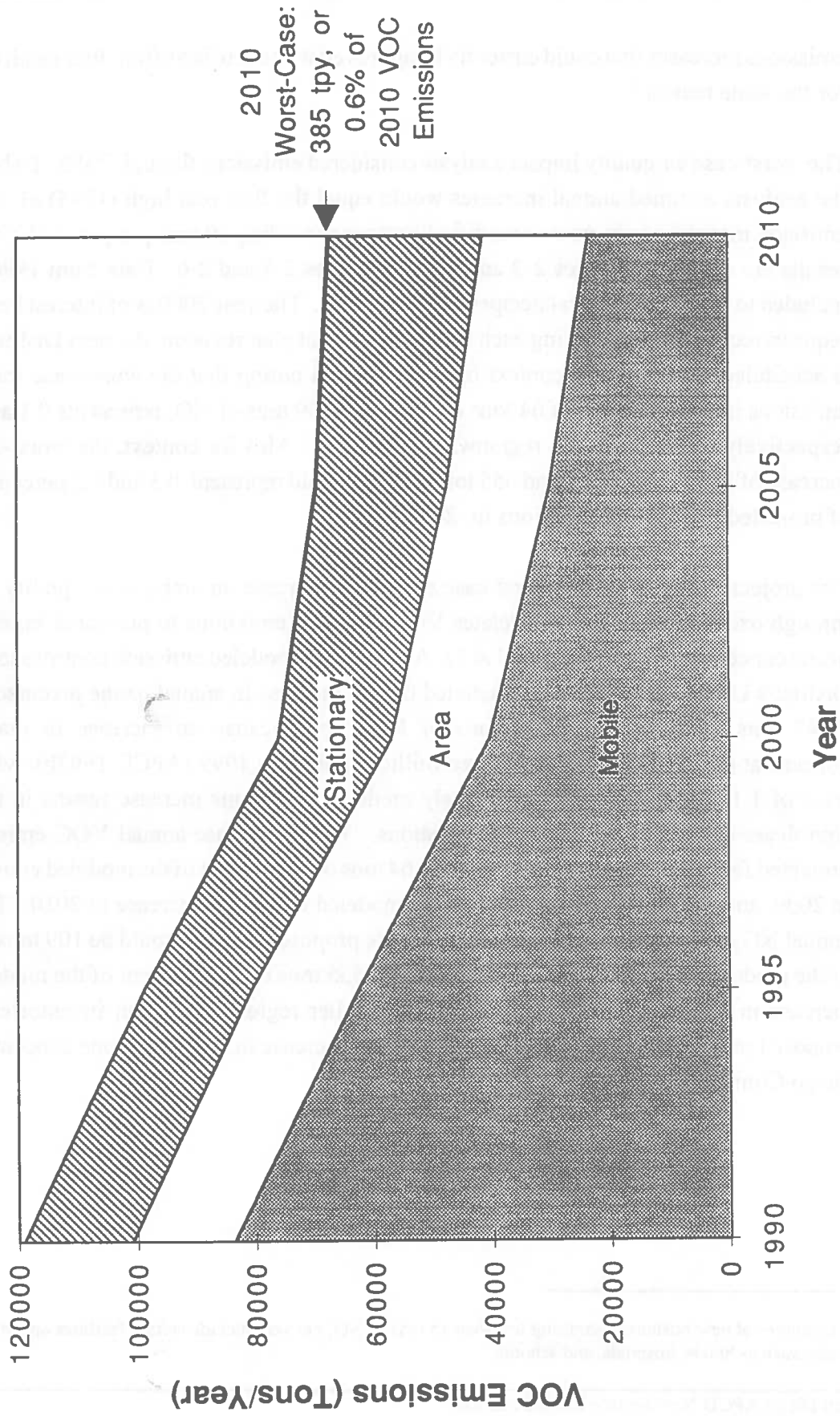
emissions increases that could currently be approved without offsets from four small new businesses for the same reason.⁵

The worst-case air quality impact analysis considered emissions through 2010. To be conservative, the analysis assumed annual increases would equal the five-year high (1993) of ozone precursor emission increases from new or modified sources exceeding 10 tons per year of VOC or NO_x. The results are shown in Figures 2-2 and 2-3 and Tables 2-5 and 2-6. Data from 1990 and 1995 are included to provide historical perspective and trends. The year 2000 is of interest because state law requires reconsideration during each triennial regional plan revision; the next District plan revision is scheduled for 2000. For context only, it is worth noting that the worst-case increased annual emissions impact for 2000 of 64 tons of VOC and 109 tons of NO_x represents 0.1 and 0.2 percent, respectively of the projected regionwide emissions. Also for context, the worst-case emissions increase of 385 tons of VOC and 655 tons of NO_x would represent 0.5 and 1.2 percent, respectively, of projected regionwide emissions in 2010.

The projected impact of the worst-case emissions increase on ambient air quality is best judged through ozone modeling which relates VOC and NO_x emissions to predicted maximum ambient ozone concentrations (see Section 1.4.5). A previously modeled emission control scenario using the District's Urban Airshed Model predicted that an increase in annual ozone precursor emissions of 7,347 tons of VOC and 4,964 tons of NO_x would cause an increase in maximum ozone concentrations of 0.1 parts per hundred million (pphm) in 1999 (APCD 1997b), with a margin of error of 1.1 pphm. Thus, the previously modeled emissions increase results in no statistically significant change in modeled concentrations. The worst-case annual VOC emissions increase projected for the proposed project would be 64 tons or 0.9 percent of the modeled emissions increase in 2000, and 385 tons or 5.2 percent of the modeled emissions increase in 2010. The worst-case annual NO_x emissions increase projected for the proposed project would be 109 tons or 2.2 percent of the modeled emissions increase in 2000, and 655 tons or 13.2 percent of the modeled emissions increase in 2010. Even accounting for the smaller regional emission inventories in 2010, the proposed project would not produce a significant increase in ambient ozone concentrations in San Diego County.

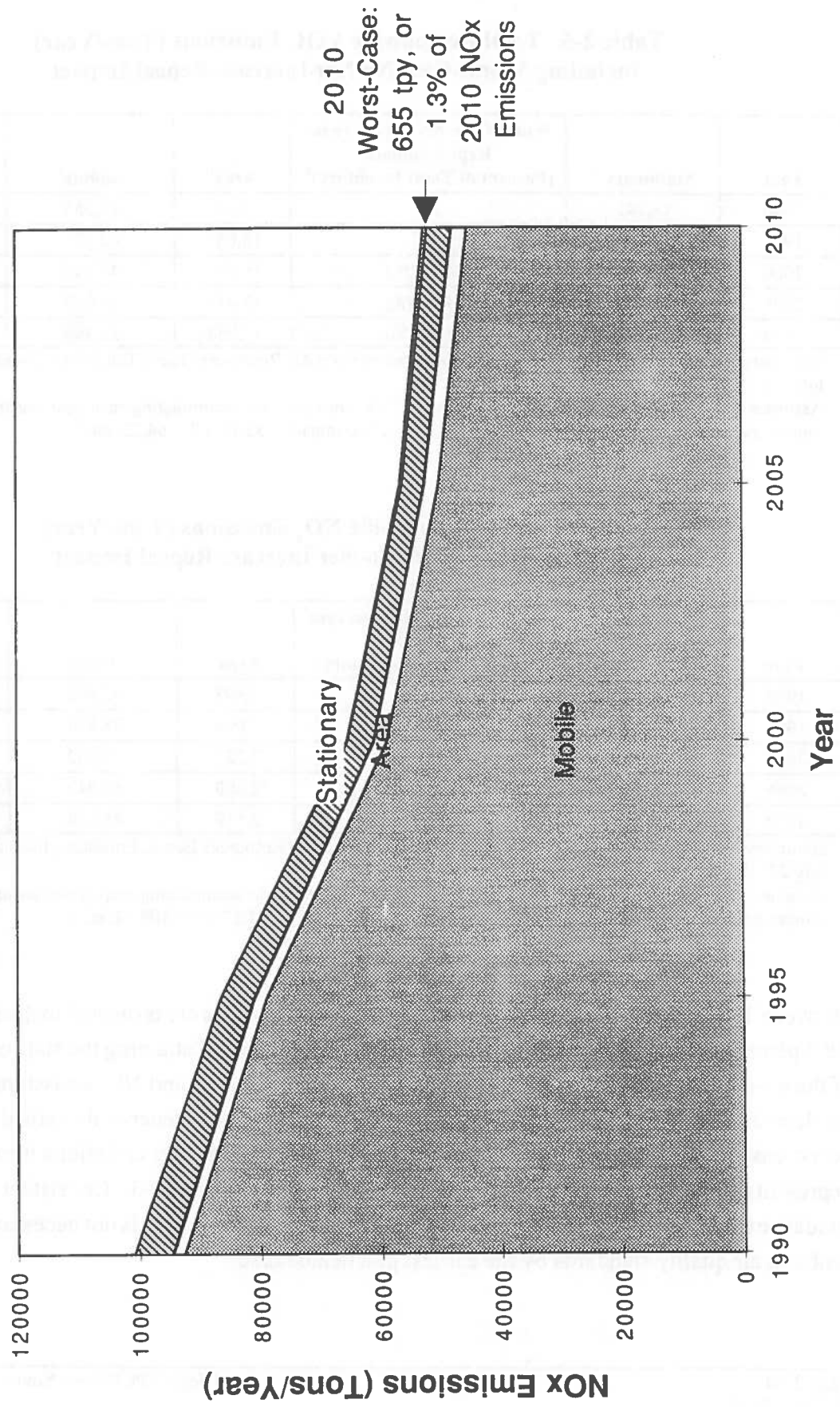
⁵ Examples of new businesses emitting less than 15 tons of NO_x per year include certain facilities operating boilers to heat water, such as hotels, hospitals, and schools.

Figure 2-2
1990-2010 VOC Emissions with
Worst-Case No-Net-Increase Repeal Impact*



Worst-case conservatively assumes: historic high increases from sources >10 tpy; emission increases above and beyond forecasted emissions growth; shutdowns (currently the source of 87% of VOC emissions) will not occur. See Table 2-5 for data points.

Figure 2-3
1990-2010 NOx Emissions with
Worst-Case No-Net-Increase Repeal Impact*



Worst-case conservatively assumes: historic high increases from sources >10 tpy; emission increases above and beyond forecasted emissions growth; shutdowns (currently the source of 100% of NOx offsets) will not occur. See Table 2-6 for data points.

**Table 2-5. Total Regionwide VOC Emissions (Tons/Year)
Including Worst-Case No-Net-Increase Repeal Impact**

Year	Stationary ¹	Worst-Case No-Net-Increase Repeal Impact (Percent of Total Inventory) ²	Area ¹	Mobile ¹	Total Inventory
1990	18,141	-	17,337	83,585	119,063
1995	18,141	-	18,031	62,671	98,842
2000	19,090	64 (0.1%)	16,571	40,296	76,021
2005	20,973	224 (0.3%)	17,411	30,003	69,611
2010	25,769	385 (0.6%)	17,958	23,360	67,472

¹ Stationary, area, and mobile source inventory/projections from Air Resources Board, Emissions Inventory Branch, dated July 22, 1998.

² Assumes historic high (1993) emissions increase of 32.11 tons per year accumulating each year starting in 1999 from sources potentially subject to offsets (>10 tpy). (e.g., 2000 impact = 32.11 x 2 = 64.22, etc.)

**Table 2-6. Total Regionwide NO_x Emissions (Tons/Year)
Including Worst-Case No-Net-Increase Repeal Impact**

Year	Stationary ¹	Worst-Case No-Net-Increase Repeal Impact (Percent of Total Inventory) ²	Area ¹	Mobile ¹	Total Inventory
1990	6,315	-	1,898	92,601	100,813
1995	5,621	-	2,008	78,877	86,505
2000	4,344	109 (0.2%)	2,227	58,692	65,371
2005	3,614	382 (0.6%)	2,409	50,042	56,446
2010	4,088	655 (1.3%)	2,519	45,114	52,376

¹ Stationary, area, and mobile source inventory/projections from Air Resources Board, Emissions Inventory Branch, dated July 22, 1998.

² Assumes historic high (1993) emissions increase of 54.57 tons per year accumulating each year starting in 1999 from sources potentially subject to offsets (>10 tpy). (e.g., 2000 impact = 54.57 x 2 = 109.14, etc.)

Between 1995 and 2010, total regional VOC and NO_x emissions are projected to decrease 28.5 and 38.2 percent, respectively, indicating substantial progress toward attaining the state ozone standard. If the no-net-increase program is eliminated, total regional VOC and NO_x emissions are projected to decrease 28.1 and 37.4 percent, assuming the worst-case scenario described above. This worst-case impact would not affect the trend of steadily decreasing emissions through 2010 and represents a negligible difference, as illustrated by Figures 2-2 and 2-3. Consistent with the ARB guidance (see Section 2.1.2), this indicates the no-net-increase program is not necessary to meet state ambient air quality standards by the earliest practicable date.

The worst-case impact on stationary source emissions alone was also examined. In 2010, the worst-case emission increase would be 1.5 percent and 16.0 percent of projected stationary source emissions of VOC and NO_x, respectively. Comparing the long-term impacts with and without this impact, between 1995 and 2010, regionwide stationary source-related VOC emissions are projected to increase 42.0 percent if the no-net-increase program is retained, and 44.0 percent if the program is repealed (assuming the worst-case emission increase scenario). Between 1995 and 2010, regionwide stationary source-related NO_x emissions are projected to decrease 27.3 percent if the no-net-increase program is retained, and 15.6 percent if the program is repealed. However, even assuming this worst-case emission impact on stationary sources, the overall trend of decreasing total VOC and NO_x emissions through 2010 would continue.

It should be recognized that the worst-case scenario described above is conservative for several reasons. First, it assumes emission increases associated with eliminating the no-net-increase program are *above and beyond* forecasted emissions growth from stationary sources. In reality, however, growth projections used by the District and forming the basis for the RAQS (the District's plan to attain the state ozone standard as early as possible) *include* anticipated emissions growth from all new and modified businesses including those having a potential to emit 15 tons or more per year. Thus, these emission increases are already accounted for in future air quality plans and the future air quality environment reflected in Tables 2-5 and 2-6 and Figures 2-2 and 2-3. The RAQS does not assume any additional emission reductions induced by the state emission offset requirement. Shutdown-related emission decreases (the primary source of offsets) would continue to occur in the absence of the state no-net-increase program. Therefore, eliminating the no-net-increase program is not expected to contribute significantly to forecasted emissions growth, nor invalidate the RAQS.

Second, the worst-case scenario assumes no further emission reductions associated with offsets will occur as a result of eliminating the no-net-increase program. However, in reality, the primary source of offsets has been emission reductions resulting from equipment or plant shutdowns, which will continue to occur even without the no-net-increase program.

Third, the annual emission increases through 2010 have not been discounted to reflect increasingly stringent emission control requirements. However, in reality, future emission increases per unit of industrial growth would likely be reduced due to increasingly stringent state and federal mandates requiring the use of technologically feasible and cost-effective control equipment and lower-emitting process materials.

Fourth, the worst-case impact (Tables 2-5 and 2-6) overstates a more reasonably expected impact, discussed in the next section, by a factor of 18.

Expected-Case Impact

The expected-case emissions impact reflects a five-year average annual emission increase from new or modified sources exceeding 10 tons per year of VOC or NO_x (as compared with the highest annual emissions in the 1993-1997 period). This scenario also recognizes that shutdowns have been the primary source of offsets and adjusts the impact of no-net-increase program repeal accordingly. Assumptions include:

- Yearly emission increases from new and modified sources exceeding 10 tons per year will equal the five-year average of 13.71 tons of VOC and 30.31 tons of NO_x (Table 2-4).
- Consistent with the previous five-year trend, discussed in Section 2.1.3.4, yearly emission reductions due to shutdowns are assumed to continue exceeding annual emission increases from sources currently subject to offsets. This assumes that, with sufficient effort and expense, unbanked shutdowns could be used to create emission reduction credits sufficient to offset future growth from sources now subject to offsets.
- For purposes of calculation, 87 percent of foregone VOC offsets and 90 percent of foregone NO_x offsets are assumed to be derived from plant or equipment shutdowns, which will continue to occur without the no-net-increase program. (The NO_x assumption is conservative, since banked credit data, shown in Table 2-3, indicate 100 percent, rather than 90 percent, of NO_x credits are from shutdowns.) Consequently, yearly emission increases from affected sources will result in a net yearly emissions increase of 1.78 tons of VOC and 3.03 tons of NO_x.
- Emission increases through 2010 have not been discounted to reflect increasingly stringent federal and state mandates. However, in reality, the increased emissions likely would be reduced in succeeding years due to future control requirements reflecting greater availability of technologically feasible and cost-effective control equipment, and lower-emitting process materials.

Results of the expected-case emission increase analysis are shown in Tables 2-7 and 2-8 and Figures 2-4 and 2-5. This approach would result in increased emissions totaling 4 tons of VOC, 6 tons of NO_x in 2000 and 21 tons of VOC, 36 tons of NO_x in 2010. These values are 1/18 of the projected

increases for the worst case. For context, it is worth noting that, in 2000, the expected-case emission increase would be 0.01 percent and 0.01 percent of projected regionwide emissions of VOC and NO_x, respectively. Also for context, the expected-case emission increase would be 0.03 percent and 0.07 percent of projected regionwide emissions of VOC and NO_x, respectively, in 2010. The magnitude of these emission increases is negligible, as illustrated in Figures 2-4 and 2-5.

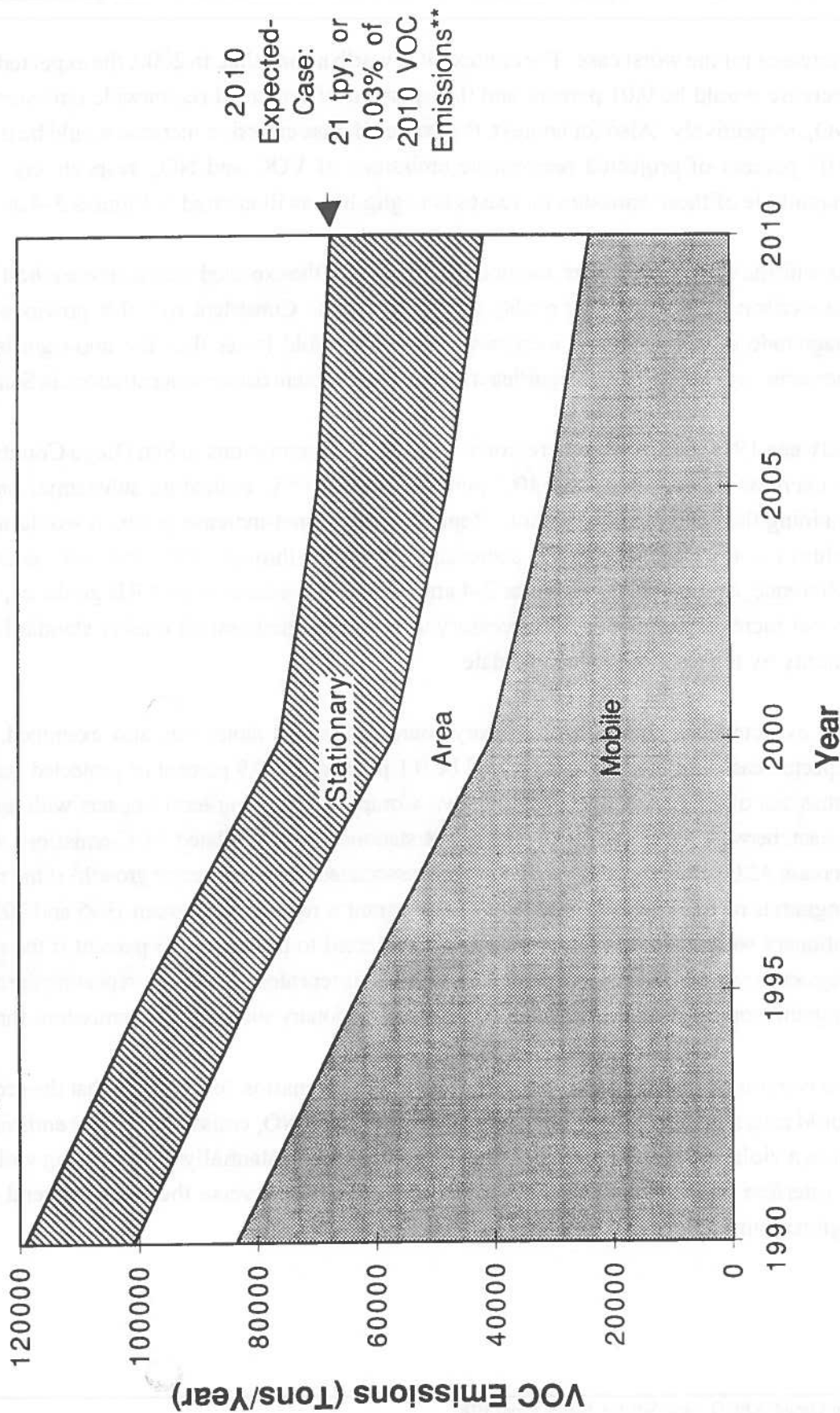
As with the worst-case impact, the air quality impact of the expected-case increase is best judged through comparison with regional air quality modeling results. Consistent with that previous discussion, the magnitude of expected-case increases, which is 18-fold lower than the non-significant worst-case increases, would produce no significant increases in ambient ozone concentrations in San Diego County.

Between 1995 and 2010, total regional VOC and NO_x emissions in San Diego County are projected to decrease 32.1 percent and 40.2 percent, respectively, indicating substantial progress toward attaining the state ozone standard. Repealing the no-net-increase program would not affect these values nor the trend of steadily decreasing emissions through 2010 and represents a de minimis difference, as illustrated in Figures 2-4 and 2-5. In accordance with ARB guidance, this shows the no-net-increase program is not necessary to meet state ambient air quality standards in San Diego County by the earliest practicable date.

The expected-case impact on stationary source emissions alone was also examined. In 2010, the expected-case emission increase would be 0.1 percent and 0.9 percent of projected stationary source emissions of VOC and NO_x, respectively. Comparing the long-term impacts with and without this impact, between 1995 and 2010, regionwide stationary source-related VOC emissions are projected to increase 42.0 percent (due to population and associated industrial sector growth) if the no-net-increase program is retained, and 42.2 percent if the program is repealed. Between 1995 and 2010, regionwide stationary source-related NO_x emissions are projected to decrease 27.3 percent if the no-net-increase program is retained, and 26.6 percent if the program is repealed. Therefore, repealing the no-net-increase program would not significantly adversely affect stationary source-related emissions through 2010.

The worst-case and expected-case emission impact scenarios demonstrate that the proposed project would cause, at most, a negligible increase in VOC and NO_x emissions. These emissions would not cause a violation of an air quality standard, contribute substantially to an existing violation, prevent or interfere with attainment of any standard, or halt or reverse the existing trend of decreasing regional emissions of VOC and NO_x.

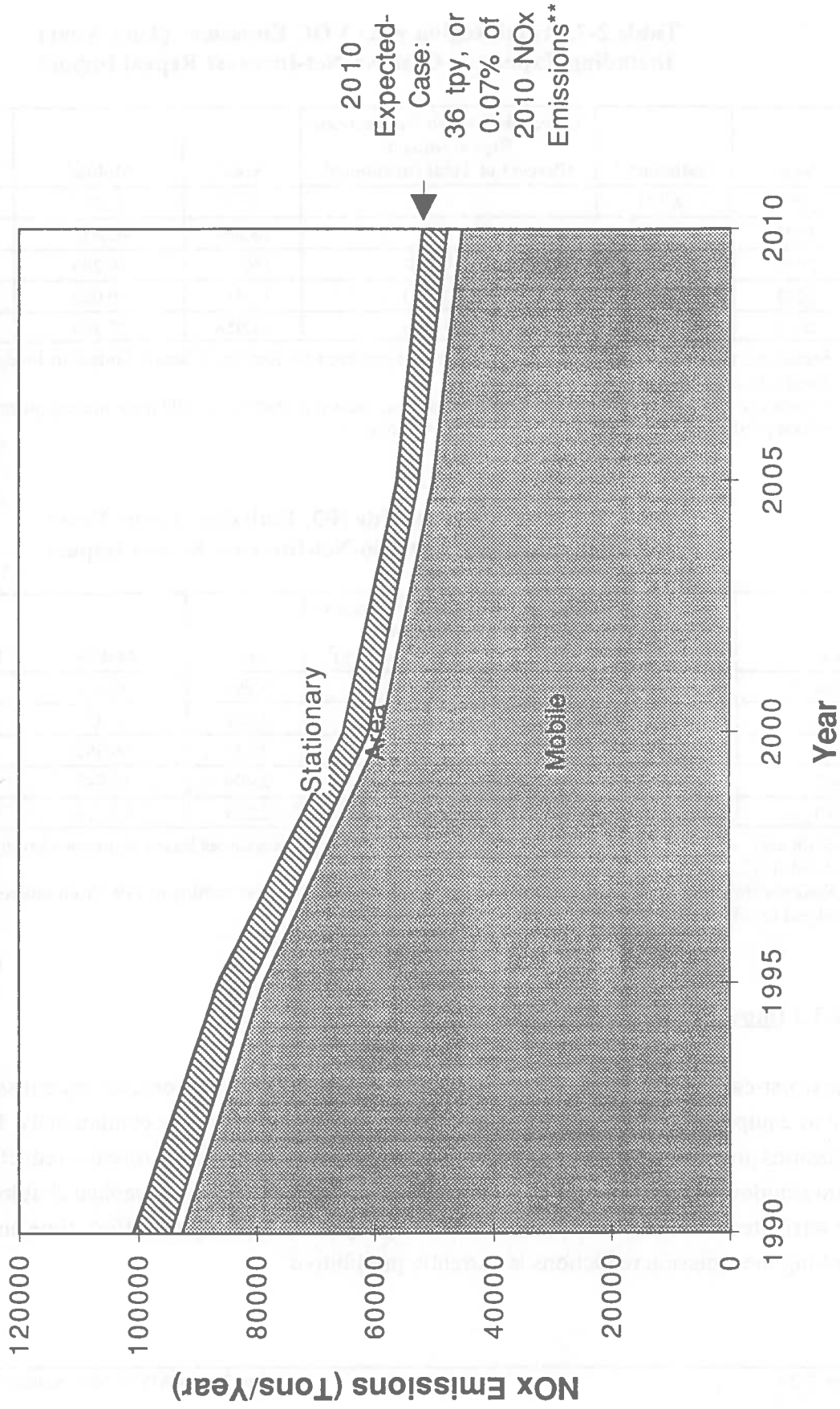
Figure 2-4
1990-2010 VOC Emissions with
Expected-Case No-Net-Increase Repeal Impact*



*Expected-case assumes: historic average increases from sources >10 tpy; shutdowns comprise 87% of foregone offsets. (See Table 2-7 for data points.)

**Increase not of sufficient magnitude to be visible at this scale.

Figure 2-5
1990-2010 NOx Emissions with
Expected-Case No-Net-Increase Repeal Impact*



*Expected case assumes: historic average increases from sources >10 tpy; shutdowns comprise 90% of foregone offsets. See Table 2-8 for data points.

**Increase not of sufficient magnitude to be visible at this scale.

**Table 2-7. Total Region wide VOC Emissions (Tons/Year)
Including Expected--Case No-Net-Increase Repeal Impact**

Year	Stationary ¹	Expected-Case No-Net-Increase Repeal Impact (Percent of Total Inventory) ²	Area ¹	Mobile ¹	Total Inventory
1990	18,141	-	17,337	83,585	119,063
1995	18,141	-	18,031	62,671	98,842
2000	19,090	4 (0.01%)	16,571	40,296	76,021
2005	21,973	12 (0.02%)	17,411	30,003	69,611
2010	25,769	21 (0.03%)	17,958	23,360	67,472

¹ Stationary, area, and mobile source inventory/projections from Air Resources Board, Emissions Inventory branch, dated July 22, 1998.

² Assumes an increase of 1.78 tons per year accumulating each year starting in 1999 from sources potentially subject to offsets (>10 tpy). (e.g., 2000 impact = 1.78 x 2 = 3.56, etc.)

**Table 2-8. Total Region wide NO_x Emissions (Tons/Year)
Including Expected-Case No-Net-Increase Repeal Impact**

Year	Stationary ¹	Expected-Case No-Net-Increase Repeal Impact (Percent of Total Inventory) ²	Area ¹	Mobile ¹	Total Inventory
1990	6,315	-	1,898	92,601	100,813
1995	5,621	-	2,008	78,877	86,505
2000	4,344	6 (0.01%)	2,227	58,692	65,371
2005	3,614	21 (0.04%)	2,409	50,042	56,446
2010	4,088	36 (0.07%)	2,519	45,114	52,376

¹ Stationary, area, and mobile source inventory/projections from Air Resources Board, Emissions Inventory branch, dated July 22, 1998.

² Assumes emissions increase of 3.03 tons per year accumulating each year starting in 1999 from sources potentially subject to offsets (>10 tpy). (e.g., 2000 impact = 3.03 x 2 = 6.06, etc.)

2.1.3.3 Impact of Unbanked Shutdowns

The worst-case emission increase scenario described above does not consider any emission decreases due to equipment shutdowns. In reality, however, shutdowns occur continuously, helping offset emissions growth from new or modified businesses. The majority of emission reductions resulting from shutdowns are not banked. Reasons for this are uncertain, but unbanked shutdowns typically are attributed to sources smaller than one ton per year. It is likely the effort, time, and expense of banking the emission reductions is currently prohibitive.

An analysis of 1993-1997 data was conducted to determine the quantity of unbanked emission reductions attributable to shutdowns compared to emissions increased in those years from sources emitting 10 tons or more per year. Banked emission reductions were not included, nor were dry cleaning or gas station operation shutdowns. The emission decreases were discounted as appropriate to reflect RACT requirements, as would have been required had the emission reductions been banked.

As seen in Table 2-9, 1993-1997 VOC and NO_x emission increases from sources emitting more than 10 tons or more per year were exceeded by reductions from unbanked shutdowns in each year⁶. Accordingly, considering the effect of future unbanked shutdowns, no net emission impact is expected from repealing the no-net-increase program. Therefore, repealing the no-net-increase program would not cause a violation of an air quality standard, contribute substantially to an existing violation, prevent or interfere with attainment of any standard, or halt or reverse the existing trend of decreasing regional emissions of VOC and NO_x.

2.1.3.4 Analysis of Past Projects and the State Offset Requirement

It is not possible to accurately determine whether applicants for new or modified sources potentially subject to offsets may have limited proposed project emissions before submitting applications. However, if the state offset requirement has had an effect of limiting emissions, it would be expected that some applicants chose to reduce project emissions during the establishment of permit conditions. To determine whether this occurred, an additional analysis was conducted to identify whether projects for which applications were submitted in 1994 and 1997 were permitted at their maximum or requested emission levels, or whether applicants chose to reduce the requested level to avoid offsets. This analysis was designed to show the extent of emissions that would have occurred had affected projects not been constrained by the state offset requirement.

Emission increases from permitted sources in 1994 were examined because state offset requirements were not in place in 1993, and of the remaining years (1994-1997), ozone precursor emission increases from affected sources were highest in 1994 (Table 2-4). Data for 1997 were also examined because 1997 represents the second highest year of increased emissions from affected sources. Permit applications processed in either of these years were examined to determine whether each project was permitted at its maximum usage or at the level originally requested in the application, and whether emissions from the equipment were constrained by state offset requirements or by other

⁶ In 1996, net VOC emission decreases were more than double the net NO_x emission increases. Since the no-net-increase program allows NO_x emission increases to be offset by VOC emission decreases on a 2:1 basis, the net NO_x emission increases can be considered offset by the net VOC emission reductions.

Table 2-9. Annual Emission increases (Tons) from Sources >10 tons/year Compared to Unbanked Emission Reductions from Shutdowns

Year	Pollutant	Increase from Sources >10 tons	Unbanked Reduction From shutdowns	Net Emissions Change
1993	VOC	32.11*	-207.61	-175.50
	NO _x	54.57*	-76.02	-21.45
1994	VOC	9.16	-196.84	-187.68
	NO _x	46.59	-54.19	-7.60
1995	VOC	7.52	-98.75	-91.23
	NO _x	6.67	-70.87	-64.20
1996	VOC	2.57	-65.57	-63.00
	NO _x	34.14	-8.25	25.89
1997	VOC	17.20	-57.78	-40.58
	NO _x	9.59	-19.49	-9.90

* Emission increases in 1993 are overestimated due to less-refined emission calculation methods used prior to 1994 adoption of the state no-net-increase program.

air pollution regulatory requirements (e.g., Best Available Control Technology, Best Available Retrofit Control Technology, air quality impact analysis, etc.), that will continue to apply even if the no-net-increase program is repealed.

In 1994, 32 applications were processed for new or modified sources exceeding 10 tons per year of VOC or NO_x. In all but one case, the project was either approved at its requested level, or emissions were constrained by requirements other than state offsets. In that one case, it appears that additional emissions of only 0.37 tons per year of VOC would have occurred had the project not been constrained by the state offset threshold.

In 1997, 26 applications were processed for new or modified sources exceeding 10 tons per year of VOC or NO_x. In all but three cases, the project was either approved at its requested level, or emissions were constrained for reasons unrelated to the state emission offset requirement. In the three cases, it appears there could have been additional emissions totaling 2.3 tons per year of VOC and 1.73 tons per year of NO_x in the absence of the state offset threshold. Therefore, in 1997 it appears that, as in 1994, the state offset requirement did not substantially depress emissions from new and modified permitted equipment.

This analysis indicates no post-application dampening effect of the no-net-increase program on the magnitude of newly permitted emission increases for sources exceeding 15 tons. To account for the possibility of pre-application dampening of potential increases, both the above analysis and the projected worst-case analysis (Section 2.1.3.2) considered emissions increases from sources down to 10 tons per year. This artificially inflates the potential effect of removing the state offset

requirement, with no apparent significant impacts. Also, as discussed in Section 2.1.3.2, the Regional Air Quality Strategy, including projected future emissions increases, does not consider either immediate emission reductions or dampening effects on new projects of the existing no-net-increase program. Therefore, projected declines in regional emissions of VOC and NO_x through 2010 will not be affected by the repeal of the no-net-increase program.

2.1.3.5 Analysis of Potential Impact on Sensitive Receptors

Potential toxic emission increases resulting from the proposed project would be addressed through existing regulatory requirements. Toxic pollutants are controlled under a different regulatory process than criteria pollutants. Under federal law, 189 substances are listed as Hazardous Air Pollutants (HAPs). Major sources of select HAPs are subject to requirements of the National Emissions Standards for Hazardous Air Pollutants (NESHAP) program. The USEPA is establishing regulatory schemes for specific HAPs and requiring Maximum Achievable Control Technology (MACT) for major sources of HAPs.

State law has established the framework for California's toxic air contaminant identification and control program, which is generally more stringent than the federal NESHAPS program and is aimed at toxic pollutants that are a problem in California. The state has formally identified 17 Toxic Air Contaminants (TACs) and adopted air toxic control measures (ATCMs) for 5 of these. Factors considered in developing state ATCMs include information regarding the particular toxic pollutant, the types of sources, current control measures, and the magnitude of risk to public health. Following state adoption of an ATCM, local air districts must adopt a measure that is equally or more stringent.

Additionally, the California Air Toxics "Hot Spots" Information and Assessment Act is a State-mandated program enacted in 1987. It requires hundreds of facilities in San Diego County to quantify emissions of toxic air contaminants, high priority facilities to conduct a public health risk assessment, and facilities posing significant risks to notify all exposed individuals and develop and implement a risk reduction plan.

The San Diego County Air Pollution Control District has developed and implemented a local rule (District Rule 1210) to implement the public notification and risk reduction requirements of state law. It specifies public notification thresholds (cancer risks above 10 in a million or non-cancer risks above one) and significant risk levels (cancer risks above 100 in a million or non-cancer risks above one). In addition to notification requirements, facilities with estimated risks above significant levels must develop and implement a plan to reduce those risks below the significant risk levels, generally within 5 years.

Additionally, District Rule 1200 requires projects to be evaluated for the public health impacts of toxic air contaminant emissions (constituents of certain VOC, PM₁₀, and other contaminants) to ensure increases do not result in significant health risks to the public. District Rule 1200 establishes allowable risk levels (generally cancer risks less than 10 in a million and non-cancer risks less than one) and emission control requirements (Toxics Best Available Control Technology) for any new and modified facilities that might emit additional toxic air contaminants. Options for mitigating potential impacts include material or process alternatives, installing emission controls, and/or mitigating reductions in air toxic emissions from other sources.

These District, state, and federal programs ensure sensitive receptors will not be exposed to substantial pollutant concentrations as a result of the proposed project.

2.1.3.6 Additional Considerations

The removal of the state no-net-increase program would not affect other existing requirements to minimize emissions and prevent significant air quality impact from proposed projects. These requirements include the following:

Existing federal no-net-increase requirements, i.e. for sources exceeding 50 tons per year of VOC or NO_x would be retained.

All current requirements to install BACT on new and modified equipment would be retained.

The elimination of the state no-net-increase program would include the following additional safeguard as required by state law:

The elimination of the no-net-increase program is subject to review by ARB at least every three years, with reinstatement of the program required if determined necessary to achieve and maintain the state standards by the earliest practicable date.

2.1.4 Mitigation Measures

No potential significant impacts were identified from the proposed repeal of the no-net-increase permitting program for VOC and NO_x sources with the potential to emit 15 tons per year or greater. No mitigation measures are required.

2.1.5 Conclusions

Based on the above data and analyses, the following conclusions are made regarding the stated Thresholds of Significance, which are that the project should not:

- Violate any ambient air quality standard; contribute substantially to an existing or projected air quality violation; or prevent or interfere with the attainment or maintenance of any state or national ambient air quality standard.

These first, second, and fourth thresholds (Section 2.1.2) are very similar and are discussed together. While future violations of the state and federal ozone standards are likely in the course of attaining these standards, the following evidence, discussed in Section 2.1.3, indicates even unlikely, worst-case project impacts are not sufficient to contribute substantially to an existing violation, cause an additional violation, or prevent or interfere with attainment of any standard:

- Previous modeling results indicate the assumed worst-case increases of VOC and NO_x resulting from the project are below levels capable of causing a detectable increase in ambient ozone concentrations (Section 2.1.3.2).
- The analysis of both expected-case and worst-case impacts demonstrates that the proposed project could cause at most a negligible increase in emissions and not cause any additional violations nor interference with attainment of any ambient air quality standard.
- Analysis of the current offset bank (Section 2.1.3.1) indicates the no-net-increase program currently contributes very few surplus emission reductions since 87 percent of VOC offsets and 100 percent of NO_x offsets are equipment or plant shutdowns that would occur independent of the program.
- A five-year analysis (Section 2.1.3.3) indicates emission increases requiring offsets were more than offset by shutdowns not recorded in the District's offset bank. This trend is expected to continue.
- An analysis of permitting trends (Section 2.1.3.4) indicated no significant post-application dampening effect of the no-net-increase program on projects subject to offset requirements.

- Expose sensitive receptors to substantial pollutant concentrations.

VOC and NO_x sources have the potential to impact sensitive receptors, through acute toxicity effects. The project could conceivably result in additional facilities being sited in San Diego County (see Section 5.2), with the potential for emission of toxic pollutants. However, as discussed in Section 2.1.3.5, existing District, state, and federal programs ensure sensitive receptors will not be exposed to substantial pollutant concentrations.

- Halt or reverse an existing trend of decreasing total region-wide emissions.

Analysis and data presented in Section 2.1.3 (particularly Figures 2-2 and 2-3 and Tables 2-5 and 2-6) indicate the existing trend of decreasing total regionwide emissions of NO_x or VOC would be expected to continue even assuming an overly conservative worst-case emissions increase scenario.

There is therefore no substantial evidence that elimination of the no-net-increase permitting program would have a significant effect upon ambient air quality.

2.2 OTHER ENVIRONMENTAL EFFECTS

Impacts of the proposed project on other environmental resources were found to be not significant. These effects are discussed in Section 6.0, Environmental Effects Found Not To Be Significant.

3.0 CUMULATIVE IMPACTS

As required by Section 15130 of the state CEQA Guidelines, an EIR must provide an analysis of cumulative impacts. Cumulative impacts are defined as two or more individual effects of a project which, when considered together or in conjunction with impacts from other projects, may compound the individual impact. Cumulative impacts must consider the project plus other related “past, present, or reasonably foreseeable” actions. Cumulative impacts may result from individually minor but collectively significant projects occurring over a period of time.

3.1 ANALYSIS OF PAST, PRESENT, AND REASONABLY ANTICIPATED FUTURE PROJECTS IN THE PROJECT AREA

Due to the nature of the proposed project, air quality is the only environmental issue that could potentially be affected. Therefore, air quality is the only issue addressed in the cumulative analysis. All other environmental issues were found not to be significant (see Section 6.0, Environmental Effects Found Not to be Significant).

The proposed project is not a typical development project. The proposed rule changes would remove one of many requirements for future (development) projects that require new or modified District permits. CEQA Guidelines Section 15130(b)(1) offers two approaches to considering these projects, which form the context for assessing the cumulative impacts of the proposed rule change. These are a listing of past, present, and future projects [Section 15130(b)(1)(A)] and a summary of projections incorporated in an adopted general plan or related planning document which is designed to evaluate regional or areawide conditions [Section 15130(b)(1)(B)]. For completeness, both approaches were considered.

3.1.1 List of Past, Present, and Reasonably Anticipated Future Projects in the Project Area

Relevant projects include development projects potentially subject to the no-net-increase program and other District rule changes. The RAQS, as revised in 1998, schedules the adoption of six rules that will reduce emissions of ozone precursors, as follows:

- Low-NO_x Furnaces (adopted June 1998; permanent NO_x reductions)
- Low-NO_x Water Heaters (adopted June 1998; permanent NO_x reductions)
- Adhesives Operations (December 1998; permanent VOC reductions)
- Stationary Combustion Turbines (December 1998; permanent NO_x reductions)

3.0 Cumulative Impacts

- Stationary Reciprocating Internal Combustion Engines (1999; permanent NO_x reductions)
- Plastic, Rubber, Composite, and Glass Coating (2000; permanent VOC reductions)

Other recently approved or reasonably anticipated projects in the San Diego area with the potential to result in cumulative air quality impacts include:

- authorization for dredging in San Diego Harbor (temporary NO_x and VOC increases)
- anticipated beach sand replenishment project (temporary NO_x and VOC increases)
- increased capacity project for a turbine manufacturer (permanent NO_x and VOC increases)
- turbine replacement project (permanent NO_x reduction)
- retirement of a regional power plant in Chula Vista (permanent VOC and NO_x reductions)
- potential construction and operation of a replacement power plant at Otay Mesa (temporary and permanent VOC and NO_x emissions)

(One project with the potential to contribute to a significant cumulative impact is a U.S. Navy dredging operation. The District approved, in June 1998, an Authority to Construct permit for the hopper dredge *Stuyvesant* to operate in San Diego Harbor. Prior to approval, an air quality impact analysis for NO_x emissions was performed. Results indicated that there would be no violation of any state or federal ambient air quality standard, nor would the emissions interfere with the attainment or maintenance of a standard. It is anticipated that the dredging will be complete prior to the approval of the proposed changes to the New Source Review Rules. Therefore, no further consideration is given to this dredging project for purposes of this EIR.)

For several reasons, this list of past, present and future projects in accordance with CEQA Guidelines Section 15130(b)(1)(A) is not meaningful in analyzing the cumulative impacts of the proposed project. First, the list is not exhaustive, since new sources are not well-anticipated prior to receiving a project application and because of the high volume of District permits (approximately 2000) processed per year. Second, it is also not feasible or instructive to recount in this EIR all environmental impacts of relevant past, present, and future projects. Furthermore, the listed projects and smaller projects and other unknown future projects have already been accounted for in the District's planning efforts including the RAQS and federal Attainment Demonstration (part of the Ozone State Implementation Plan for San Diego), and therefore cumulative impacts of the proposed project are more appropriately analyzed in the following section pursuant to CEQA Guidelines Section 15130(b)(1)(B).

3.1.2 Summary of Projected Cumulative Emissions

CEQA Guidelines Section 15130(b)(1) states an adequate discussion of cumulative impacts may be provided by:

A summary of projections contained in an adopted general plan or related planning document, which is designed to evaluate regional or areawide conditions.

As discussed previously, the District's adopted air quality plans consist of the Regional Air Quality Strategy and the State Implementation Plan. These plans are designed to evaluate regional air quality conditions and apply strategies for attain applicable air quality standards. The Regional Air Quality Strategy encompasses District plans and control measures to assure attainment of all state air quality standards. Likewise, the San Diego portion of the California State Implementation Plan includes District plans and control measures to assure attainment of all national air quality standards. These plans accommodate emissions from all sources, including natural sources, through control measures on sources to attain the standards. Developing the RAQS and SIP is a complex endeavor, requiring collaboration of the District, city and county governments, local and regional planning agencies, transportation planning agencies, the California Air Resources Board, the Environmental Protection Agency, the regulated community, and the public at large. Information used to develop the Strategy includes:

- Present ambient air quality concentrations obtained through the District's monitoring network,
- The District's inventory of emissions from existing sources,
- Potential emissions from new industrial sources and population and vehicle growth,
- Pollution transported from other regions,
- Anticipated effectiveness of proposed control measures, and
- Expected emission reductions.

Using this information, an air quality model is developed to forecast future air quality levels in the region and help design appropriate emission control strategies. Regular updates and progress reports are required for the RAQS and SIP.

The USEPA and the California Air Resources Board share responsibility for controlling emissions from mobile sources. Under state law, local air districts have primary responsibility in the state for controlling emissions from non-mobile (stationary) sources. The stationary source control measures contained in the RAQS are developed by the District into regulations through a formal rulemaking process. Rules are developed to set limits on the amount of emissions from various types of sources

and/or by requiring specific control technologies. Following rule adoption, a permit system is used to impose increased controls on new and modified stationary sources and to ensure compliance with regulations by prescribing very specific operating conditions or equipment for individual sources. These conditions are enforced to ensure that the regulated community is complying with a particular regulation.

The emissions impacts from past, present, and future development projects in the SDAB were and are anticipated and included in the RAQS and SIP, without regard for any emissions effects that might accrue from the state no-net-increase requirement. Specifically, growth factors for various industrial sectors and emission source categories that are used in planning air quality improvements do not presume any hypothetical growth-retarding effects from state offset requirements, nor do the air quality plans presume greater emission reductions induced by the offset requirement. As such, development projects would not generate unanticipated cumulative air quality impacts as a result of the proposed rule changes. In this manner, cumulative impacts of past, present and reasonably anticipated future projects are already considered and accounted for in the air quality planning of the District to attain the national and state air quality standards by the earliest practicable date (see Section 2.1.3.2). As detailed in Section 2.0, the worst-case impact of the proposed repeal of the no-net-increase program will not affect the District's ability to attain state and federal standards by the earliest practicable date.

3.2 AIR QUALITY

3.2.1 Existing Conditions

San Diego County's air quality has improved significantly during the 1990s. In 1997, the federal one-hour standard for ozone was exceeded only once, although at least five exceedances are anticipated for 1998 due, in part, to unusually high temperatures and unfavorable meteorological conditions. The CO standards have not been exceeded since 1990. Consequently, the County was redesignated to attainment for the state CO standards in 1993. Attainment of the federal CO standards was promulgated in February 1998, along with federal approval of the State's CO maintenance plan. Additional data relative to regional air quality is included in Appendix C (San Diego Regional Air Quality) of this EIR. The existing air quality conditions were discussed in greater detail in Section 2.1.1.

3.2.2 Thresholds of Significance

Cumulative impacts are considered significant:

- when they would potentially worsen a known environmentally significant impact;
- if a previous, region- or community-wide document identified cumulative impacts in the project area; or
- if individual project impacts are mitigated, but are collectively perceived as a significant environmental impact.

3.2.3 Analysis of Project Effects and Determination as to Significance

The three thresholds of significance for cumulative impacts are addressed as follows: Cumulative impacts are significant:

- When they would potentially worsen a known environmentally significant impact.

Since the primary impact of the proposed project is the long-term, or cumulative, air quality impact, conclusions reached in Chapter 2, applied to project-related impacts, apply here as well. The discussion in Chapter 2 concluded the project's impacts to air quality are not significant. This was based in part on the fact that all anticipated future growth in emitting sources is accounted for in the RAQS and certified Environmental Impact Report on the RAQS (APCD 1998a, 1998b). The RAQS EIR, approved by the District Board on June 17, 1998, found that the RAQS would provide air quality benefits in both the short-term and the long-term (Figure 2-2, Table 2-5). Anticipated future growth includes the increment of growth potentially induced by the project, since growth was not assumed to be retarded by the no-net-increase program which the project would eliminate. Therefore, there is no "known environmentally significant impact" with which the project might be combined to create a significant cumulative impact.

- If a previous, region- or community-wide document identified cumulative impacts in the project area.

The RAQS and EIR are the relevant region-wide documents. The EIR for the RAQS (APCD 1998b), approved by the District Board on June 17, 1998, found that the RAQS would provide air quality benefits in both the short-term and the long-term. Therefore the combined impact of the proposed revisions to the New Source Review Rules and the approved revisions to the RAQS would not be a significant impact.

3.0 Cumulative Impacts

- If individual project impacts are mitigated, but are collectively perceived as a significant environmental impact.

In the context of this project, relevant individual projects potentially contributing to cumulative air quality impacts are industrial projects for which the District issues air quality permits. Emissions from all reasonably foreseeable projects in all industrial sectors have been anticipated in growth projections provided by the state Air Resources Board using emission control factors updated by the District in 1998. These form the basis for the RAQS emission projections discussed in Section 2.1.3.2. As that section concludes, the RAQS results in environmental improvements through 2010, and therefore individual projects are not collectively a significant impact.

The cumulative impact of all regional air quality management projects on regional emissions and air quality has been positive, as evidenced by the improving air quality trends (Figure 2-1) and declining regional emissions (Table 2-1). A worst-case analysis discussed in Section 2.1.3.2 found that the proposed project would not affect these trends. Therefore, potential emissions resulting from the proposed project would not have a significant cumulative impact.

3.2.4 Mitigation Measures

The proposed project, repeal of the no-net-increase permitting program for VOC and NO_x sources with the potential to emit 15 tons per year or greater, would not result in any significant cumulative air quality impacts. No mitigation measures are required.

No potential significant cumulative air quality impacts were identified from the proposed deletion of offset requirements for CO sources with the potential to emit 15 tons per year or greater. No mitigation measures are required.

3.2.5 Conclusions

The proposed project is a rule change affecting many sources with the potential for contributing to a cumulative air quality impact. Therefore, no meaningful distinction can be drawn between project and cumulative impacts for this project, and the conclusion of no significant project impact reached in Section 2.0 applies to the potential cumulative impact as well. This conclusion is based on the District's Regional Air Quality Strategy, a regional air quality planning document most recently revised in June 1998. The availability of the RAQS is the reason the summary-of-projections approach was taken to analyze cumulative impacts of the proposed project.

The RAQS considers both emissions from, and future regulatory controls constraining, projected air emission sources in the region. The EIR on the RAQS concluded the RAQS would result in a reduction in emissions in both the short-term and long-term, even considering the potential incremental emissions impact from new or modified sources for which the proposed project would eliminate offset requirements. On this basis, it is concluded there would be no significant cumulative air quality impacts associated with the proposed project.

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4.0 PROJECT ALTERNATIVES

Pursuant to CEQA Guidelines (Section 15126(d)), an EIR must evaluate a reasonable range of alternatives to the proposed project or the location of a project. The purpose of this discussion is to focus upon alternatives which could eliminate or reduce any significant environmental effects of the project, even if an alternative would impede the attainment of the project objectives, or if it would be more costly. The No Project Alternative must also be addressed in the EIR.

4.1 RATIONALE FOR ALTERNATIVE SELECTION

The purpose of the proposed project is to modify the District's New Source Review Rules in order to achieve the following objectives:

- Removal of a requirement that provides little or no air quality benefit but imposes adverse economic impacts on new and expanding businesses in San Diego County. The requirement, known as the no-net-increase permitting program, requires emission offsets equal to proposed emission increases (see Section 1.2). In practice, most offsets are associated with emission reductions resulting from equipment or plant shutdowns which would occur without the no-net-increase program. Emission offsets are very difficult and expensive to obtain. If affected businesses cannot procure the necessary offsets, they will not be permitted to locate or expand.
- Ensure continued progress towards the achievement and maintenance of the state ambient air quality standards by the earliest practicable date.

The alternatives selected would be required to meet the project objectives and to eliminate or reduce any significant environmental effects of the project. Three project alternatives, Raise Emissions Threshold Alternative (Alternative 1), Monitor Emissions Increases and Shutdowns Alternative (Alternative 2), and the No Project Alternative (Alternative 3) were evaluated.

4.2 ANALYSIS OF THE RAISE EMISSIONS THRESHOLD ALTERNATIVE

4.2.1 Raise Emissions Threshold Alternative Description and Setting

This alternative involves raising the existing New Source Review Rule 15 ton per year (tpy) threshold that triggers the state offset requirement to a value greater than 15 tpy and less than the 50 tpy federal offset threshold. This alternative would reduce the range of new or modified sources

required to be offset and, thereby, eliminate adverse economic impacts for certain businesses. The level of the proposed new threshold would determine the range and number of new or modified sources that would benefit from this alternative.

This alternative would only partially meet the objectives of removing a requirement providing negligible air quality benefits, but which imposes adverse economic impacts on new and expanding businesses.

4.2.2 Comparison of the Effects of the Raise Emissions Threshold Alternative to the Proposed Project

Section 2.1.3.2 indicates an unlikely worst-case impact of the proposed project would increase annual emissions by 64 tons of VOC and 109 tons of NO_x in 2000, and by 385 tons of VOC and 655 tons of NO_x in 2010. These impacts were determined to not be significant. By definition, raising the emissions threshold would result in a lower emissions increase, since offset requirements would be retained for a subset of the new or modified sources exempted from the requirements under the Proposed Project. As previously discussed, the level of additional air emissions would depend upon the threshold established. However, under no circumstances would the emissions impact or other environmental impacts exceed those of the proposed project. For the same reason, no significant impacts to resources other than air quality would occur.

Since there is no significant adverse impact on air quality from discontinuing the existing state offset requirements for the current range of sources, this alternative would not provide a substantial environmental advantage relative to the Proposed Project. The Raise Emissions Threshold Alternative would not fully meet the project objectives and would not eliminate or reduce any significant environmental effects of the project. However, some fraction of the non-significant, additional emissions resulting from the proposed project would be avoided.

As discussed in Section 4.2.4, the No Project Alternative constitutes the environmentally superior alternative, since it would avoid any potential air emission increases resulting from the proposed project. Among the other alternatives discussed, the Raise Emissions Threshold Alternative is the environmentally superior project alternative.

4.2.3 District Staff's Rationale for Rejection of the Raise Emissions Threshold Alternative

For sources remaining subject to state offset requirements, this alternative would not accomplish the basic objective of removing a costly requirement providing minimal air quality benefits. This

alternative also would not eliminate or reduce any significant environmental effects of the project. For these reasons, this alternative was rejected.

4.3 ANALYSIS OF THE MONITOR EMISSIONS INCREASES AND SHUTDOWNS ALTERNATIVE

4.3.1 Monitor Emissions Increases and Shutdowns Alternative Description and Setting

This alternative would incorporate measures that some other air pollution control districts have used to meet the no-net-increase permitting program requirements by amending their New Source Review Rules. The Monitor Emissions Increases and Shutdowns Alternative would require the District to revise its air quality plan to budget separately for emissions growth from sources at or above 15 tons per year, to track the emission increases from new or modified sources that would exceed 15 tons annually, and to require offsets for any increases that exceed the growth projected in the plan. Emission increases would also be adjusted to account for decreases in stationary source emissions due to shutdowns. Sources might be required to use any currently banked offsets they controlled.

4.3.2 Comparison of the Effects of the Monitor Emissions Increases and Shutdowns Alternative to the Proposed Project

An analysis of the District's emission reduction credit bank (Section 2.1.3.1) demonstrates that 87% of VOC credits and 100% of NO_x credits were derived from plant or equipment shutdowns. Section 2.1.3.3 also shows unbanked shutdowns exceeded emission increases from new or modified sources potentially subject to offset requirements in every year examined (1993-1997). It was also concluded (Section 2.1.3.3) that because of increasingly stringent control requirements, the percentage of credits derived from shutdowns will increase in the future. For these reasons, a program comparing emission increases to shutdowns is not likely to yield additional emission reductions.

This alternative would cause the same environmental impacts as the proposed project (Section 2.1.3) if shutdowns are always shown to exceed increases from affected sources (i.e., offsets are not required). When and if shutdowns were not found to exceed emission increases from affected sources, the environmental impacts of this alternative would be reduced, although it would be highly speculative to discuss what level might be expected.

This alternative would partially accomplish the specific objectives of discontinuing state offset requirements but would impose new administrative costs on the District with negligible air quality benefit. Furthermore, since there is no significant adverse impact on air quality from discontinuing

the existing offset requirements for the current range of sources, the Monitor Emissions Increases and Shutdowns Alternative, similar to the Raise Emissions Threshold Alternative, would not provide a substantial environmental advantage relative to the Proposed Project. The Monitor Emissions Increases and Shutdowns Alternative would not generate any new or greater emission reductions.

4.3.3 District Staff's Rationale for Rejection of the Monitor Emissions Increases and Shutdowns Alternative

Further tracking and verifying relevant emission increases and shutdowns would not eliminate or reduce any significant environmental effects of the project and would require additional expenditure of District resources. For these reasons, this alternative was rejected. However, it should be noted that, if the proposed project is implemented (i.e., the state no-net-increase program is repealed), the Air Resources Board has indicated the District will be required to track and compare emission increases from sources currently subject to state offset requirements, and emission reductions due to shutdowns. This information will be used to determine, during each triennial RAQS revision, whether shutdowns are exceeding increases from relevant sources, as expected. If not, reinstatement of the no-net-increase program will be considered, pursuant to Health and Safety Code Section. The delay in program reinstatement could be up to three or four years after a year in which increases were found to exceed shutdowns. However, the requirement to consider program reinstatement during each triennial revision of the RAQS acts as a safeguard similar to the Monitor Emissions Increases and Shutdowns Alternative.

4.4 ANALYSIS OF THE NO PROJECT ALTERNATIVE

4.4.1 No Project Alternative Description and Setting

The No Project Alternative would retain the current no-net-increase program, continuing the status quo. Existing conditions and reasonably foreseeable future conditions associated with the No Project Alternative consist of current and projected regional emissions of NO_x and VOC from stationary, area, and mobile sources indicated in Section 2.1.3.2 (Tables 2-5 and 2-6 and Figures 2-2 and 2-3). While maintaining the state offset requirement would reduce any potential impact relating to future emission increases that are not offset, this potential does not constitute a significant adverse impact on the environment, as demonstrated in Section 2.1.3.

4.4.2 Comparison of the No Project Alternative to the Proposed Project

Section 2.1.3.2 concludes the unlikely worst-case impact of the proposed project, both at the project level and cumulatively, would be additional annual emissions of 64 tons of VOC and 109 tons of

NO_x in 2000, and by 385 tons of VOC and 655 tons of NO_x in 2010. A more likely impact would be an additional 4 tons of VOC and 6 tons of NO_x in 2000, and 21 tons of VOC and 36 tons of NO_x in 2010 (Section 2.1.3.2). The No Project Alternative would avoid this potential incremental air quality impact and any other adverse environmental impacts associated with the proposed project. The potential growth-inducing effects of the proposed project (Section 5.0) would also be avoided. The No Project Alternative is therefore the environmentally superior alternative.

Since no significant environmental impacts have been identified as a result of the proposed project, the No Project Alternative would not provide a substantial environmental advantage relative to the Proposed Project. Further, it would not accomplish the basic objective of removing a requirement providing negligible air quality benefit but which imposes adverse economic impacts on new and expanding businesses.

4.4.3 District Staff's Rationale for Rejection of the No Project Alternative

As discussed above, the No Project Alternative would not meet the project objectives of removing a costly requirement providing negligible air quality benefit. For these reasons, the No Project Alternative was rejected.

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5.0 LONG-TERM ENVIRONMENTAL EFFECTS

5.1 GROWTH INDUCING IMPACTS

A project or action is growth inducing if it directly or indirectly fosters economic or population growth or construction of additional housing, removes obstacles to growth, taxes community service facilities, or encourages or facilitates other activities that cause significant environmental effects (CEQA Guidelines Section 15126(f)).

One objective of the proposed revisions is to remove cost and delay barriers to the development of local business which are required to obtain offsets under the current state no-net-increase permitting program. The removal of these barriers could lead to an additional increment of industrial growth that would not otherwise occur.

The possible air quality impacts of this growth have been accounted for in the RAQS (Section 2.1.3). RAQS growth projections did not incorporate a growth dampening effect from the no-net-increase program and, therefore, its removal would not induce additional growth not considered in the plan. Further, quantifying the growth of the general economy or the requirement for new housing or infrastructure potentially attributable to the proposed rule revisions would be highly speculative. The cost and delay of obtaining air emission offsets is one of many factors in a decision relative to proposed industrial development or expansion. It is unlikely that it would be a principal factor. The project benefit to a permit applicant would be lower costs for startup or operations modifications, which could translate to lower product costs to an ultimate consumer (in the case of a commercial industry or a public or private utility) or lower taxes (in the case of a military facility).

The proposed project would not involve the extension of a sewer trunk line or water line, creation of a new water or sewer district, placement of a new sewer treatment facility in an area that currently lacks one, expansion of services that would permit development exceeding adopted plan densities, extension of any urban limit line, or creation of a new specific plan area.

The proposed rule changes would not induce substantial growth in the more traditional considerations of extending utilities or roads into undeveloped areas or changing zoning.

5.2 SIGNIFICANT IRREVERSIBLE ENVIRONMENTAL CHANGES RESULTANT FROM PROJECT IMPLEMENTATION

CEQA Guidelines Sections 15126(f) and 15127 require that the EIR discuss any significant irreversible environmental changes which would be involved in the proposed action should it be implemented. Implementation of the proposed rules changes would not commit any land to a particular use or change any land uses. Rather, the objectives of the proposed rule changes include the removal of a requirement providing negligible air quality benefits but which imposes an adverse economic impact on new and expanding businesses. Industrial growth results in a one-time consumption of construction materials and a continuing consumption of nonrenewable fossil fuels, and it is likely that the construction and expansion of facilities and the use of these resources would occur whether or not the proposed rules changes are implemented. Therefore, no significant irreversible environmental changes are expected due to project implementation.

6.0 ENVIRONMENTAL EFFECTS FOUND NOT TO BE SIGNIFICANT

Based upon initial environmental review of the project, the District determined that the proposed project may result in a significant environmental effect to air quality, and would not result in adverse environmental impacts unrelated to land use and planning, population and housing, geologic conditions, water/hydrology, transportation/circulation, biological resources, energy and mineral resources, public safety, noise, public services, utilities and service systems, aesthetics, cultural resources, and recreation. The analysis of anticipated air quality impacts is contained in Sections 2.0 and 3.0 of this EIR, and it was concluded that impacts would not be significant. The remaining issues are summarized.

6.1 EFFECTS FOUND NOT TO BE SIGNIFICANT AS PART OF THE EIR PROCESS

Potential effects to the environment were evaluated and the proposed revisions were found to have no impact or less than significant impacts to land use and planning, population and housing, geologic conditions, water/hydrology, transportation/circulation, biologic resources, energy and mineral resources, public safety, noise, public services, utilities and service systems, aesthetics, cultural resources and recreation. These topics were not analyzed in detail in this EIR, however, a brief discussion of each is provided below.

6.1.1 Land Use and Planning

San Diego County is in the southwest corner of California. The County is approximately 4,261 square miles in size. Urban development is concentrated in the western regions of the County. Fifteen percent of County land is incorporated. Many smaller communities and rural land account for the rest. Much of San Diego County is rural in nature and is utilized for agriculture and ranching. Large portions of rural land within the County has also been placed within parks or preserves or is simply vacant.

The proposed project consists of rules changes that may result in increased emissions of certain pollutants. There would be no direct impacts to land use or planning. Industrial facilities built subsequent to the implementation of the proposed rule changes would be subject to the same land use controls as at present. Land use decisions are typically within the jurisdiction of local land use agencies such as cities, the County of San Diego, and the San Diego Port Authority. Construction and operation of facilities subject to the New Source Review Rules would occur at existing industrial or military facilities or on land designated for such uses. Further, construction of new facilities

would likely undergo a CEQA or NEPA evaluation by a local, state or federal agency. Thus, there would be no indirect adverse impacts to land use and planning.

6.1.2 Population and Housing

The total population in the County is approximately 2.7 million. Population is projected to increase to approximately 3.3 million by the year 2005. Population is the most dense in the western portion of the County where the majority of urban development has occurred.

Human population within San Diego County is expected to grow regardless of implementation of the proposed rule changes. The proposed rule changes may result in some additional growth in small-industry, but it is not expected to significantly affect population growth, or directly or indirectly induce the construction of single- or multiple-family units.

6.1.3 Geologic Conditions

San Diego County has three distinct geomorphic regions: the Coastal Plain (marine terraces), the Peninsular Range (inland valleys and mountains), and the Salton Trough (deserts) (Demere 1997). The majority of the County has been mapped in terms of its soils, with 53 soils series identified in the County. On the marine terraces, most of the soil series are comprised of sandy loams, clay loams, and clays, underlain by an iron-silica hardpan. Soils in the foothills on the west slopes of the mountains are generally well-drained sandy loams or silt loams over decomposed granitic or metavolcanic rock. The higher mountain areas are characterized by well-drained sandy loams over granitic bedrock. In the desert region, the soils range from virtually none on steep mountain slopes to coarse sandy alluvial soils on the gentler slopes (Pryde 1992).

The proposed rule changes have no potential to result in disruption or overcovering of soil, changes in topography or surface relief features, the erosion of beach sand, or a change in existing siltation rates. In addition, the proposed rule changes would not result in the exposure of people or property to geological hazards such as earthquakes, landslides, mudslides, ground failure, or other natural hazards. There would be no direct or indirect adverse impacts related to geology and soils.

6.1.4 Water/Hydrology

In general, rivers, streams and drainages in San Diego County carry excess precipitation to inland basins, water reservoirs, estuaries, lagoons and to the ocean. Differences in rainfall, terrain, geology, and vegetation cover result in highly variable periodic streams. A major portion of the County's

domestic sewage is disposed of in the Pacific Ocean after primary or secondary treatment. Industrial wastewater is treated at wastewater treatment plants and discharged into the ocean as well.

If implemented, the proposed rule changes could result in growth in industry and an increase in industrial wastewater. All industrial discharges in San Diego County are regulated by the Clean Water Act and the Regional Water Quality Control Board (RWQCB). Permits required by RWQCB would prevent further surface and groundwater degradation.

No significant impacts to water or hydrologic systems are anticipated. The proposed rule revisions would not increase pollutants in water bodies.

6.1.5 Transportation/Circulation

Implementation of the proposed rule changes may result in an increase in industrial land uses and either increase or decrease existing vehicle trips, depending upon the existing land use. Impacts to local traffic circulation would be subject to environmental analysis on a project by project basis. Cumulative impacts are not expected to be significant.

6.1.6 Biological Resources

San Diego has a variety of habitats and biological resources, each unique by virtue of its composition and geographic distribution. Over 1,700 different plant, approximately 80 mammal, 435 bird, 125 butterfly, and 10,000 invertebrate species have been identified within the County. These species occupy habitats ranging from the Pacific Ocean to estuaries to coastal sage scrub uplands with vernal pools to mountains with Black Oak Forest to alpine type mountains with pine species. The most infamous threatened life form in San Diego County may be the coastal California gnatcatcher which resides in coastal sage scrub.

The proposed rule changes may result in an increase of industrial development in San Diego County. Each development would be subject to the CEQA and/or the NEPA. These environmental regulations require the preservation or mitigation for all sensitive habitats and species. The proposed rule changes would not significantly impact biological resources.

6.1.7 Energy and Mineral Resources

San Diego County has a wide variety of mineral resources. Some of these, such as sand, gravel, and dimension stone, are essential to the construction industry and the region's economy. Other minerals occur in such limited amounts that they are of minor value.

The proposed rule revisions may result in the increase in industrial development in San Diego County. This development would be regulated by CEQA and/or NEPA and impacts to existing energy and mineral resources would be avoided or mitigated.

6.1.8 Public Safety

Implementation of the proposed rule changes may result in an increase of industrial development and emergency services. Industrial developments have special fire and emergency services which often include hazardous materials. The proposed rule changes do not propose general plan amendments or rezones. Therefore, the increase in industrial development would be restricted to sites already anticipated in County planning and the increase in the need for emergency services would not be significant.

6.1.9 Noise

Implementation of the proposed rule changes may result in an increase of industrial development. New industry would be required to comply with existing noise regulations found in County and municipal code and general plans. No significant impacts to the noise environment are expected.

6.1.10 Public Services

Implementation of the proposed rule changes may result in an increase of industrial development and public services. Each of these developments would be required to comply with CEQA and/or NEPA and would be required to mitigate for any impacts on public services they may cause. Cumulative impacts to public services are not expected to be significant.

6.1.11 Utilities and Service Systems

Implementation of the proposed rule changes may result in an increase of industrial development and the need for utility and service system infrastructure. Each of these developments would be required to comply with CEQA and/or NEPA and would be required to mitigate for any impacts on to utilities or service systems they may cause. Cumulative impacts are not expected to be significant.

6.1.12 Aesthetics

The proposed rule revisions would not result in changes to existing facilities or landforms. New industrial development which may result after implementation of the proposed rule changes would

be subject to CEQA and NEPA which require that the development avoid or mitigate for any impacts to visual resources or impacts related to light and glare.

6.1.13 Cultural Resources

Additions to, or changes to, existing industry and any new development which may result after implementation of the proposed rule changes would be subject to CEQA and NEPA which require that the development avoid or mitigate for any impacts to cultural resources.

6.1.14 Recreation

New industrial development which may result after implementation of the proposed rule changes would be subject to CEQA and NEPA which require that the development avoid or mitigate for any impacts to recreational resources.

6.0 Environmental Effects Found Not to be Significant

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7.0 REFERENCES

California Air Resources Board (ARB)

- 1998 Notice of Public Workshop. June 13.
- 1997 Air Resources Board Staff's Basis For a Determination that a District's No-Net-Increase Permitting Program is Not Necessary Pursuant to Health and Safety Code 40918.5 and 40918.6. October 31.

Deméré, Thomas A.

- 1997 *Geology of San Diego County, California*. San Diego Natural History Museum. (<http://www.sdnhm.org/research/paleontology/sdgeol.html>)

Pryde, Philip R.

- 1992 *San Diego: An Introduction to the Region, Chapter 3*.

Roberts, Ron

- 1996 Letter on AB 3319 (Ducheny & Woods) to Peter Wilson, California Governor. September 4.

San Diego County Air Pollution Control District (APCD)

- 1997a 1996 Annual Report on Air Quality in San Diego County
- 1997b Socioeconomic Assessment of the San Diego 1991 Regional Air Quality Strategy (RAQS), prepared by Regional Economic Models, Inc.
- 1998a Triennial Regional Air Quality Strategy Revision For the San Diego Air Basin.
- 1998b Supplemental Environmental Impact Report for the Proposed 1998 Triennial Regional Air Quality Strategy Revision for the San Diego Air Basin.
- 1994 State Implementation Plan. April.

All references are available for viewing at the San Diego Air Pollution Control District, 9150 Chesapeake Drive, San Diego, California. Appointments to view materials should be made with Robert Reider (619) 694-8852 or Andrew Hamilton (619) 694-8965 at least 24 hours in advance.

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8.0 LIST OF PREPARERS

This Draft EIR was prepared for the San Diego Air Pollution Control District (District), which is the agency responsible for its adequacy and objectivity. The District was assisted by KEA Environmental, Inc. (KEA). Pursuant to CEQA Guidelines Section 15084(e), the District has subjected this Draft EIR to its own review and analysis, and this document reflects the independent judgement of the District.

Key personnel who contributed to this document include:

San Diego Air Pollution Control District

- Richard Smith - Assistant Director
- Michael Lake - Chief, Engineering Division
- Rosa Salcedo - Senior Air Pollution Control Engineer
- Robert Reider - Supervising Air Quality Specialist
- Carl Selnick - Air Quality Specialist
- Andrew Hamilton - Air Quality Specialist

County Counsel

- Terry Dutton

KEA Environmental, Inc.

- James P. Kurtz - Environmental Engineer/Project Manager
- Megan L. Ashbaugh - Environmental Analyst
- Ray Hrenko - Quality Assurance/Project Manager
- Roma Jones Stromberg - Environmental Analyst

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9.0 COMMENTS AND RESPONSES

This Draft EIR was circulated for public and agency review from August 8, 1998 to September 24, 1998. Written comments were accepted throughout the review period. Two letters of comment were received, and are included on the following pages. The District prepared responses to the comments; the responses are also included in this Section. As a result of the comments, some of the analyses which are contained in Section 2.0 of the Final EIR have been revised, as noted in the responses.

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Air Resources Board

John D. Dunlap, III, Chairman

P.O. Box 2815 · 2020 L Street · Sacramento, California 95812 · www.arb.ca.gov



Pete Wilson
Governor

I. Rooney
Secretary for
Environmental
Protection

September 22, 1998

Mr. Richard J. Smith
Assistant Director
San Diego County Air Pollution Control District
9150 Chesapeake Drive
San Diego, California 92123-1096

Dear Mr. Smith:

Thank you for the opportunity to review the August 12, 1998 San Diego County Air Pollution Control District's revised draft analysis of the proposed "no-net-increase" repeal. As my staff discussed with you over the phone recently, we have two main comments. One comment is on the content of the revised analysis and one is on procedures we believe the District should follow in order to fulfill California Environmental Quality Act (CEQA) requirements. Those comments are discussed below.

First, we recommend that the emission projections and the impact analysis of the proposed repeal be presented separately for NO_x and VOCs in the text as well as in the figures and tables. The current version of the District's analysis combines the two pollutants, which we believe does not give a complete picture of the potential impacts of the proposed repeal. It is appropriate to consider the two pollutants separately because stationary source control measures are pollutant-specific and because the two pollutants do not contribute equally to the formation of ozone. Also, while the impact of the proposed repeal on the total inventory is currently included in the District's analysis (albeit for NO_x and VOCs combined), the potential impact of the proposed repeal on the stationary source inventory should also be discussed. The latter point is based on the Air Resources Board (ARB) guidelines for review of such proposed repeal actions, which recommend that a district compare its estimate of the growth in emissions to projections of stationary source, mobile source, and total emission trends. Our preliminary review indicates that the District's "worst-case" scenario shows a significant impact on the stationary source emission inventory, especially for NO_x. In addition, because the draft Environmental Impact Report (EIR) for the proposed repeal also combines NO_x and VOCs in its discussion of impacts, we believe that the EIR should also be modified to address the above comments. We believe such changes are appropriate to ensure that the public and the District's governing board are fully apprised of all potential impacts of the proposed repeal.

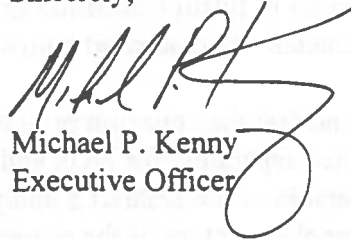
Second, as the agency responsible for ensuring that the District meets its CEQA responsibilities (see HSC §§39002 and 39500), we are also concerned that the District governing board is proposing to make the finding set forth in HSC §40918.5(a)(1) at a public hearing prior to completion of a final EIR. We urge you to prepare and certify a final EIR prior to taking action to delete the no-net-increase provision from your attainment plan. The final EIR as well

Mr. Richard J. Smith
September 22, 1998
Page 2

as the District's finding must be available to ARB, as a "responsible agency" under CEQA, when it makes the determination required by HSC §40918.5(a)(3). Thus, to ensure a complete ARB review of the findings and evidentiary support, the 60 day ARB review period can not begin until the findings and certified EIR are provided to us.

In summary, with the modifications suggested, we believe there will be sufficient information in the District's analysis to allow the process set forth in HSC §40918.5 to proceed. If you have any questions about our comments or about any of the minor clarifications my staff discussed with you over the phone, please contact Mr. Peter D. Venturini, Chief, Stationary Source Division, at (916) 445-0650. If you have questions regarding our CEQA comments, please contact Ms. Leslie Krinsk, Senior Staff Counsel at (916) 323-9611.

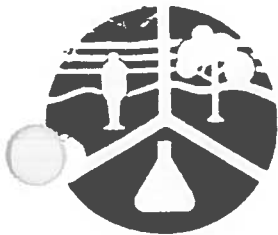
Sincerely,



Michael P. Kenny
Executive Officer

cc: Mr. Peter D. Venturini, Chief
Stationary Source Division

Ms. Leslie Krinsk
Senior Staff Counsel



ENVIRONMENTAL HEALTH COALITION

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Executive Director
Diane Takvorian

Mission Statement

Environmental Health Coalition is dedicated to the prevention and cleanup of toxic pollution threatening our health, our communities, and the environment. We promote environmental justice, monitor government and industry actions that cause pollution, educate communities about toxic hazards and toxics use reduction, and empower the public to join our cause.

Printed on totally chlorine free paper
with soybased inks

September 24, 1998

Mr. Richard Smith
Air Pollution Control District
9150 Chesapeake Drive
San Diego, CA 92123

VIA FACSIMILE (694-2730) AND U.S. MAIL

Re: Draft EIR for the Proposed Revisions to APCD New Source Review Rules

Dear Mr. Smith:

The Environmental Health Coalition has reviewed the Draft Environmental Impact Report ("DEIR") for the Proposed Revision of the APCD New Source Review rules. We have also conducted a preliminary review of the supplemental information provided to us by your staff on September 23, 1998. Due to the short amount of time we have had to review this new information, we are still in the process of evaluating this proposal and its potential impact on public health. In general, we have concerns about elimination of the no-net-increase program due to the fact that federal and state air quality standards have not been achieved in the San Diego Basin, and the rollback of any existing requirements will only serve to delay attainment.

We offer the following comments on the DEIR:

1. **EHC strongly supports the decision by the APCD to remove from this project the proposal for the use of offsets from the South Coast District.**

EHC is extremely pleased to note that the proposal for the use of offsets from the South Coast District has been removed from this project. While we understand the theory behind inter-basin trading, we have very grave concerns that in practice, the use of inter-basin offsets will have

disproportionate negative impacts on communities of color in San Diego. We hope that this proposal will not be revisited.

2. The supplemental information provided to EHC on September 23, 1998 should be included in the FEIS.

Thank you with providing us with the supplemental information which we had requested. This information helps to further clarify the analysis in the DEIR and should be included in the Final EIR.

3. The DEIR conclusion that elimination of the no-net-increase program will not cause a significant impact upon the environment is not supported by the evidence in the DEIR.
 - A. The EIR must analyze whether any increase of ozone precursor pollutants will make the existing ozone pollution problem in San Diego County worse, thereby causing a significant impact on the environment.

The California Environmental Quality Act ("CEQA") requires the DEIR to analyze whether the proposed revisions to the NSR rules will have a significant impact in the environment. Existing air quality problems in the San Diego basin factor heavily into this analysis. As noted by the court in Kings County Farm Bureau v. City of Hanford, 221 Cal. App. 3d 692 (1990), "the relevant question to be addressed in the EIR is not the relative amount of precursors emitted by a project when compared with preexisting emissions, but whether any additional amount of precursor emissions should be considered significant in light of the serious nature of the ozone problems in this air basin." Id. at 728-729.

In this instance, San Diego's air quality has exceeded the federal standard for ozone on at least six days this year to date, and has exceeded the California ozone standard on at least 40 days. Thus, the analysis of the EIR must focus on whether, given the existing problems, any rollback of requirements which promote emissions reductions should occur. Instead, the EIR improperly focuses on the reportedly small amount of foregone offsets that would occur with elimination of the no-net-increase program. This was exactly the type of analysis which was warned against in the Kings County case.

- B. The EIR improperly concludes that the no-net-increase program will not produce substantial benefits to local air quality.

The EIR cites the need for the elimination of the no-net-increase program due to the fact that offsets are relatively scarce in the San Diego County and will become increasingly scarce in the future. Yet, the EIR also concludes that additional emission reductions will not be promoted by the no-net-increase program, because most future offsets will be generated by equipment or plant

shutdowns. DEIR at 2-7, 2-8. The EIR claims that "there are few permitted sources which could be cost effectively modified to achieve surplus emissions reductions that can be used as offsets...." DEIR at 1-3. There is no evidence in the EIR to support these conclusions.

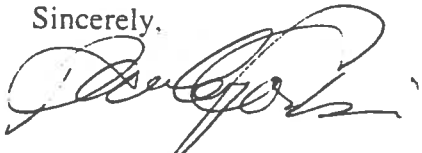
Moreover, this argument does not make logical sense. As a practical matter, the more scarce offsets become, the more true emissions reductions, (or caps on project emissions at 15 TPY) will be forced to occur. If offsets are not available, a source will have to develop a creative way to generate emission reductions from other sources, or agree to cap its emissions at less than 15 tons per year of precursor pollutants. In this event, the offset program will be much more than an exercise of money changing hands- it will promote contemporaneous emissions reductions. Thus, the more scarce offsets become, the greater true benefit will be provided by the no-net-increase program, contrary to the conclusion of the DEIR.

- C. Analysis of emissions increase information from 1993-1997 may not be representative of future emission increases.

Any future projections of emissions increases from sources subject to the no-net -increase program must acknowledge the fact that reference to the increases of the last five years may not be representative of future increases. Recently, the San Diego economy has improved dramatically, which may result in greater influx of new businesses, and an expansion of existing businesses. Additionally, the United States Navy is significantly increasing its presence in San Diego County, which not only impacts emissions increases from its installations, but also those of its local contractors, such as the shipyards. Due to these facts, the EIR should address whether data from 1993-1997 is truly reflective of the future potential for emissions increases.

Thank you for your consideration of our comments. Please contact me with any questions.

Sincerely,



Paula Forbis
Staff Counsel

RESPONSE TO COMMENTS ON THE DRAFT ENVIRONMENTAL IMPACT REPORT

Two comment letters were received addressing the Draft Environmental Impact Report (Draft EIR), one from the Environmental Health Coalition (EHC) and one from the California Air Resources Board (ARB). Comment summaries and District responses follow:

EHC Comment 1 (EHC letter, No. 1, page 1)

"EHC strongly supports the decision by the APCD to remove from this project the proposal for the use of offsets from the South Coast District."

District Response

Comment noted.

EHC Comment 2 (EHC letter, No. 2, page 2)

"The supplemental information provided to EHC on September 23, 1998, should be included in the [Final EIR]."

District Response

The supplemental information provided to EHC is attached and will be included in the Final EIR. It was provided in response to EHC's request for clarification and additional information at the August 27, 1998, Air Pollution Control District Advisory Committee meeting on the proposed repeal of state offset requirements.

EHC Comment 3 (EHC letter, No. 3A, page 2)

"The DEIR conclusion that elimination of the no-net-increase program will not cause a significant impact upon the environment is not supported by the evidence in the DEIR. The EIR must analyze whether any increase of ozone precursor pollutants will make the existing ozone pollution problem in San Diego County worse, thereby causing a significant impact upon the environment....Existing air quality problems in the San Diego basin factor heavily into this analysis. As noted by the court in Kings County Farm Bureau v. City of Hanford, 221 Cal. App. 3d 692 (1990), 'the relevant question to be addressed in the EIR is not the relative amount of precursors emitted by a project when compared with preexisting conditions, but whether any additional amount of precursor emissions should be considered significant in light of the serious nature of the ozone problems in this air basin.' Id. at 728-729."

District Response

The projected impact of potential emission increases on ambient air quality is best judged through ozone modeling which relates VOC and NO_x emissions to predicted maximum ambient ozone concentrations (Final EIR, Section 2.1.3.2). A previously modeled emission control scenario using the District's Urban Airshed Model predicted that an increase in annual ozone precursor emissions of 7,347 tons of VOC and 4,964 tons of NO_x would cause an increase in maximum ozone concentrations of only 0.1 parts per hundred million (pphm) in 1999, with a margin of error of 1.1 pphm. Thus, the previously modeled emissions increase resulted in no statistically significant difference.

The expected-case annual VOC emissions increase projected for the proposed project (Final EIR, Section 2.1.3.2) would be 4 tons (0.05% of the modeled emissions increase) in 2000, and 21 tons (0.3% of the modeled emissions increase) in 2010. The expected-case annual NO_x emissions increase projected for the proposed project (Final EIR, Section 2.1.3.2) would be 6 tons (0.1% of the modeled emissions increase) in 2000, and 36 tons (0.7% of the modeled emissions increase) in 2010. Based on the previously modeled emission increase scenario and the comparatively small expected-case emission increase of the proposed project, the proposed project would not produce a significant increase in ambient ozone concentrations in San Diego County.

The worst-case annual VOC emissions increase projected for the proposed project (Final EIR, Section 2.1.3.2) would be 64 tons (0.9% of the modeled emissions increase) in 2000, and 385 tons (5.2% of the modeled emissions increase) in 2010. The worst-case annual NO_x emissions increase projected for the proposed project (Final EIR, Section 2.1.3.2) would be 109 tons (2.2% of the modeled emissions increase) in 2000, and 655 tons (13.2% of the modeled emissions increase) in 2010. (This worst-case scenario is characterized by very conservative assumptions, purposely overstating potential impacts; Final EIR, Section 2.1.3.2). Based on the previously modeled emission increase scenario and the comparatively small worst-case emission increase of the proposed project, the proposed project would not produce a significant increase in ambient ozone concentrations in San Diego County.

EHC Comment 4 (EHC letter, No. 3B, page 3)

"[T]he analysis of the EIR must focus on whether, given the existing [air quality] problems, any rollback of requirements which promote emissions reduction should occur. Instead, the EIR improperly focuses on the reportedly small amount of foregone offsets that would occur with elimination of the no-net-increase program. This is exactly the type of analysis which was warned against in the Kings County case."

District Response

The discussion in the Final EIR regarding the relative amount of emissions from the proposed action when compared to the total regionwide emission inventory (Final EIR, Section 2.1.3.2) is provided for context only. It was not a factor in developing the thresholds of significance (Final EIR, Section 2.1.2) nor in determining that eliminating the no-net-increase permitting program would not have a significant effect upon ambient air quality (Final EIR, Sections 2.1.3 and 2.1.5).

EHC Comment 5 (EHC letter, No. 3B, page 3)

“The EIR improperly concludes that the no-net-increase program will not produce substantial benefits to local air quality....The EIR claims that ‘there are few permitted sources which could be cost-effectively modified to achieve surplus emissions reductions that can be used as offsets....’ [DEIR at 1-3]. There is no evidence in the EIR to support these conclusions.”

District Response

Emission reductions can be used as offsets only if they are not otherwise required by local, state, or federal mandates (Health & Safety Code Section 40709). The District has already adopted or scheduled for adoption every feasible emission control measure as required by state law (Health & Safety Code Section 40918.5). Further, the every-feasible-measure commitment is dynamic. Once cost-effective emission-reduction equipment or processes become available, control measures reflecting these advances must be added to the District’s air quality plan and developed into regulations. Consequently, little additional opportunity exists for creating surplus emission reductions through process or control technology improvements.

If surplus emission reductions could be cost-effectively achieved through process or control technology improvements, it is logical to conclude the percentage of such reductions in the offset bank could be substantial, given the high market value for offsets. However, analysis of the bank (Final EIR, Section 2.1.3.1) indicates no NO_x credits and only 13% of VOC credits resulted from process or control technology improvements. As state and federal emission control requirements become more stringent, opportunities to create additional emission reduction credits from process improvements or emission controls will become even more limited. Consequently, reliance on equipment or plant shutdowns as the primary source of emission reductions creating offsets is expected to be very near 100%. Therefore, the no-net-increase program will have an increasingly negligible air quality benefit, since these types of reductions will continue to occur without the no-net-increase program.

EHC Comment 6 (EHC letter, No. 3B, page 3)

“As a practical matter, the more scarce offsets become, the more true emissions reductions (or caps on project emissions at 15 TPY) will be forced to occur. If offsets are not available, a source will have to develop a creative way to generate emission reductions from other sources, or agree to cap its emissions at less than 15 tons per year of precursor pollutants.”

District Response

The large majority of emission reductions resulting from equipment or plant shutdowns are not banked (Final EIR, Section 2.1.3.3). The most likely result of continuing the no-net-increase program would be greater expenditure of effort by sources needing offsets to track down and bank emission reductions resulting from shutdowns. This would increase project costs and delays while offsets are located and negotiated for purchase, yet would provide no additional air quality benefit because such emission reductions occur independent of the no-net-increase program.

EHC Comment 7 (EHC letter, No. 3C, page 3)

"[T]he [emission] increases of the last five years may not be representative of future increases. Recently, the San Diego economy has improved dramatically, which may result in greater influx of new businesses, and an expansion of existing businesses. Additionally, the United States Navy is significantly increasing its presence in San Diego County, which not only impacts emissions increases from its installations, but also those of its local contractors, such as the shipyards."

District Response

When developing the EIR, the District investigated the relationship between economic or demographic indicators and emission increases from sources subject to state offset requirements. The District examined whether or not 1993-1997 emission increases at new or modified sources with annual emissions exceeding 10 tons were dependent on population increases, manufacturing employment, non-manufacturing employment, or total employment. No correlation was detected. Likely this is because such sources are relatively limited in San Diego County, for reasons unrelated to the economy.

Therefore, two analyses were conducted to determine the potential emissions impact of repealing the state no-net-increase program; an expected-case and a worst-case impact analysis on total regional emissions. Because the state no-net-increase program applies to emission increases at businesses with the potential to emit more than 15 tons per year, businesses with actual emissions exceeding 10 tons were considered in the analyses. This was done to be conservative and ensure all new or modified businesses with the potential to emit more than 15 tons per year were considered.

For the worst-case analysis (Final EIR, Section 2.1.3.2), future yearly emission increases from all new and modified sources emitting over 10 tons annually were assumed to equal their highest annual emissions increase occurring over the past five years. Also, it was assumed repealing the state offset program would result in foregoing all emission reductions that would have been required under the state offset program. However, in reality, the primary source of offsets is emission reductions resulting from equipment or plant shutdowns. These reductions will continue to occur without the state offset program, but no credit was taken for them. Further, the emission increases from affected sources were assumed to be above and beyond forecasted emissions growth from stationary sources. However, in reality, growth projections used in developing the Regional Air Quality Strategy and the State Implementation Plan consider and already account for anticipated emissions growth from all new and modified stationary sources. Even with these extremely conservative assumptions, repealing the no-net-increase program would not produce a significant increase in ozone precursor emissions or ambient ozone concentrations in San Diego County.

The expected-case analysis (Final EIR, Section 2.1.3.2) assumes future yearly emission increases from all new and modified businesses emitting over 10 tons annually will equal the historical average annual emissions increase occurring over the past five years from such businesses. It also recognizes that shutdowns have been the primary source of offsets and adjusts the impact of no-net-increase program repeal accordingly. Results of the expected-case analysis indicate repealing the no-net-increase program would not produce a significant increase in ozone precursor emissions or ambient ozone concentrations in San Diego County.

ARB Comment 1 (ARB letter, page 1, paragraph 2)

"...we recommend that the emission projections and the impact analysis of the proposed repeal be presented separately for NO_x and VOCs..."

District Response

Pursuant to ARB request, the Final EIR (Section 2.1.3) addresses the potential impact of the proposed repeal on NO_x and VOC separately. This information is also addressed in the demonstration supporting findings that the no-net-increase program is not needed to meet state ambient air quality standards by the earliest practicable date.

ARB Comment 2 (ARB letter, page 1, paragraph 2)

"[T]he potential impact of the proposed repeal on the stationary source inventory should also be discussed."

District Response

Pursuant to ARB request, the Final EIR (Section 2.1.3) addresses the potential impact of the proposed repeal on the stationary source inventory. This information is also addressed in the demonstration supporting findings that the no-net-increase program is not needed to meet state ambient air quality standards by the earliest practicable date.

ARB Comment 3 (ARB letter, page 1, paragraph 2)

"Our preliminary review indicates that the District's 'worst-case' scenario shows a significant impact on the stationary source emission inventory, especially for NO_x."

District Response

Pursuant to CEQA, a determination of significance of an impact must address the potential impact upon the environment (State CEQA Guidelines, Section 15382). Determining significance relative to the stationary source emission inventory would be meaningless because ambient air quality is dependent on total regionwide emissions, not solely on a particular sector of the inventory such as stationary sources.

ARB Comment 4 (ARB letter, page 1, paragraph 3)

"We urge you to prepare and certify a final EIR prior to taking action to delete the no-net-increase provision from your attainment plan."

District Response

District Board certification of the Final EIR is scheduled before Board consideration of findings that the state no-net-increase program is not needed for San Diego County to achieve and maintain state ambient air quality standards by the earliest practicable date, and subsequent amendments to the New Source Review Rules repealing the state no-net-increase program effective upon approval by the Air Resources Board.



Air Pollution Control Board

Greg Cox	District 1
Dianne Jacob	District 2
Pam Slater	District 3
Ron Roberts	District 4
Bill Horn	District 5

Air Pollution Control District

R. J. Sommerville	Director
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September 23, 1998

Diane Takvorian
Executive Director
Environmental Health Coalition
1717 Kettner Boulevard, Suite 100
San Diego, CA 92101

FOLLOW-UP ITEMS FROM 8/27 ADVISORY COMMITTEE MEETING

At the August 27, 1998, Air Pollution Control District Advisory Committee meeting, the Environmental Health Coalition (EHC) requested clarification and additional information regarding the District analysis and associated findings that state emission offset requirements are not necessary for attaining state ambient air quality standards in San Diego County by the earliest practicable date. Responses to the questions raised follow.

1. ISSUE

If the South Bay power plant is sold by SDG&E (Sempra Energy) to the San Diego Unified Port District, a large quantity of relatively-inexpensive emission offsets may become available to local businesses. This may make unnecessary the proposal to eliminate state emission offset requirements from the NSR rules for offset cost and unavailability reasons.

DISTRICT RESPONSE

The District has been advised by both Sempra Energy and the Port of San Diego that the California Public Utilities Commission has designated the South Bay power plant as a "must run" facility. As such, a like amount of new, locally-generated electricity will need to be brought on-line before the South Bay power plant can be shut down and the emission reduction credits thus created used for other purposes. The Port District has advised that the resulting emission reduction credits from the eventual shutdown of the South Bay power plant will be dedicated to providing emission offsets for a new power production facility that will need to be brought on-line before the South Bay facility may be shut down. They will not be made available for purchase by local businesses for other types of projects.

2. ISSUE

The District should take a second look to identify any existing sources in the 14-15 ton range to determine whether emissions were limited to avoid the state offset requirement or are constrained for other reasons.

DISTRICT RESPONSE

The District has reassessed the projects in 1994 and 1997 (the two highest-increase years) at facilities above 10 tons per year (tpy). Each application was reviewed to determine whether the project was permitted at its maximum usage or at the level originally requested in the application and whether emissions were constrained by offset requirements or by other requirements (e.g., BACT, T-BACT, air quality impacts analysis, compliance with a BARCT rule, etc.).

For projects in 1994, in all but one case, either the project was approved at its requested level or emissions were constrained by requirements other than state offsets. In that one case, it appears that additional emissions of 0.37 tpy of ROG would have occurred had the project not been constrained by the state offset threshold. Therefore, in 1994 it appears that the state offset requirement did not significantly depress emissions from new and modified permitted equipment.

For projects in 1997, in all but three cases, either the project was approved at its requested level, or emissions were constrained by requirements other than state offsets, or the facility emissions were below 10 tpy (based on the most recent emissions inventory), and offsets were not required and were not constraining for the project. In the three cases, it appears that additional emissions of 2.30 tpy of ROG and 1.73 tpy of NOx would have occurred had the projects not been constrained by the state offset threshold. Therefore, in 1997 it appears that the state offset requirement did not significantly depress emissions from new and modified permitted equipment.

3. ISSUE

Does the table identifying 1993-1997 emission increases from sources exceeding 10 tpy include Navy dredging emission increases? It appears the Navy provided NOx offsets in 1997 exceeding the total 1997 NOx increase value in the table (9.59 tons).

DISTRICT RESPONSE

The table of emission increases includes all increases at non-major (above 10 tpy) and major (above 50 tpy) sources. This is because there are non-major increases at major sources that would not be subject to federal offset requirements but would otherwise be subject to state offset requirements.

Offsets were not required in 1997 for the Navy channel/turning basin dredging project. The Stuyvesant dredge was permitted at below 15 tpy in 1997 and did not receive authority to exceed 15 tpy until April 1998. The Dutra dredge "Paula Lee" was, and continues to be, permitted at below 15 tpy. The "Antone" dredge, also owned by the Dutra Dredging Company and therefore aggregated with the "Paula Lee" dredge emissions, was not permitted until February 1998, at which time offset requirements for that dredge were triggered.

4. **ISSUE**

A list was requested of VOC and NOx state offsets provided to the District in each year from 1994-1997.

DISTRICT RESPONSE

The requested information is attached.

5. **ISSUE**

A list was requested of 1993-1997 emission increases at new or modified sources having emissions between 15 and 50 tpy for which emission offsets were provided.

DISTRICT RESPONSE

The requested information is attached.

6. **ISSUE**

The Navy recently published a Draft Environmental Impact Statement (EIS) addressing proposed development of a home port facility for additional aircraft carriers in the Naval Port in Coronado. The EIS may contain information that is pertinent to the District analysis on repealing the state offset requirement.

DISTRICT RESPONSE

The District has reviewed the Draft EIS and, based on information provided in the report, concludes that the maximum state offset requirement associated with this proposed project would be 0.80 tons of NOx in 2000. The District analysis on repealing the state offset requirement has been revised to identify this future project and its projected state offset requirement.

If you need further clarification, please contact me at (619) 694-3303.

Richard J. Smith

RICHARD J. SMITH
Assistant Director

RJS:RR:nt

Attachments

cc: APCD Advisory Committee Members
Paula Forbis, EHC

**1993-1997 New or Modified Sources
15 - 50 Tons Per Year for which Emission Offsets Were Provided**

Source	Increase Actually Offset	Year
Sony	5.78 tons/yr ROG	1994
Napp Systems	0.75 tons/yr ROG	1996
Sony	2.37 tons/yr ROG	1997

In addition, the City of San Diego was issued an Authority to Construct in 1997 for a project on Point Loma and will be required to provide 4.86 tons/yr of NOx before operation may commence.

1993 Emissions Increases

I.D.	Equipment Description	App. No.	Emission Increases (tpy) in AB 3319 Demo	Offsets Discussion
1969A	Emergency generator	921056	0.49 NOx	1993 actions pre-date 5/17/94 NSR rules with state offset requirement.
1969A	Emergency fire pump	910819	0.54 NOx	"
2094A	Stain dip tank	930048	3.20 ROG	"
233A	Diesel engine	900949	0.74 NOx	"
253A	IC Engine	921303	2.90 NOx 2.30 ROG	"
301A	Cold solvent degreaser	920563	0.25 ROG	"
301A	Cold solvent degreaser	920564	0.25 ROG	"
301A	Cold solvent degreaser	921572	0.25 ROG	"
301A	Cold solvent degreaser	921304	0.25 ROG	"
301A	Cold solvent degreaser	930489	0.25 ROG	"
301A	Aerospace adhesive & sealant op	921039	0.60 ROG	"
301A	Preservative compound application	921040	5.70 ROG	"
333A	Dredging engines	920895	23.42 NOx	"
344A	Diesel engine	930292	5.54 NOx 0.22 ROG	"
388A	Aerospace coating application station	921119	4.37 ROG	"
402A	Diesel engine	930062	5.99 NOx	"
402A	Emergency generator	930230	0.30 NOx	"
402A	Emergency generator	930229	0.30 NOx	"
402A	IC Engine	920927	0.30 NOx	"
4821A	Cold solvent degreaser	921157	0.06 ROG	"
4821A	Cold solvent degreaser	921154	0.03 ROG	"
4821A	Cold solvent degreaser	921155	0.32 ROG	"
4821A	Cold solvent degreaser	921156	0.31 ROG	"
4824A	2 IC Engines	930053-4	0.21 ROG	"
4324A	2 IC Engines	930159-60	0.21 ROG	"
4824A	2 IC Engines	930182-3	0.72 ROG	"

1993 Emissions Increases

I.D.	Equipment Description	App. No.	Emission Increases (tpy) in AB 3319 Demo	Offsets Discussion
4824A	IC Engine	930248	0.11 ROG	1993 actions pre-date 5/17/94 NSR rules with state offset requirement
4824A	Cold solvent degreaser	930472	0.25 ROG	"
4824A	Cold solvent degreaser	930473	0.25 ROG	"
4828A	Engine	920876	1.71 NOx	"
4828A	Engine	921001	2.54 NOx	"
4828A	Cold solvent degreaser	930290	0.06 ROG	"
4828A	Remote reservoir cleaner	921004	0.25 ROG	"
4828A	Remote reservoir cleaner	921003	0.25 ROG	"
4828A	Remote reservoir cleaner	921005	0.25 ROG	"
4828A	Remote reservoir cleaner	921006	0.25 ROG	"
4828A	Remote reservoir cleaner	921007	0.25 ROG	"
4828A	2 Generators	930044-5	0.01 ROG	"
4828A	2 Generators	930046-7	0.05 ROG	"
4833A	Generator	921248	0.07 NOx	"
4833A	Generator	921249	0.07 NOx	"
4833A	Generator	921250	0.09 NOx	"
4833A	Generator	921251	0.09 NOx	"
4833A	Generator	921252	0.09 NOx	"
4833A	Generator	921253	0.09 NOx	"
4833A	Generator	921257	0.10 NOx	"
4833A	Generator	921258	0.10 NOx	"
4833A	Generator	921259	0.10 NOx	"
4833A	Generator	921260	0.10 NOx	"
4833A	Generator	921261	0.10 NOx	"
4833A	Generator	921262	0.10 NOx	"
4833A	Generator	921263	2.44 NOx	"
4833A	Generator	921264	2.44 NOx	"
4833A	Diesel engine	921472	0.25 NOx	"

1993 Emissions Increases

I.D.	Equipment Description	App. No.	Emission Increases (tpy) in AB 3319 Demo	Offsets Discussion
4833A	Diesel engine	921473	0.25 NOx	1993 actions pre-date 5/17/94 NSR rules with state offset requirement.
4833A	Engine	921474	0.15 NOx	"
5522A	FRG boat mfg. line modification	921336	7.50 ROG	"
556A	Generator	921478	3.17 NOx	"
5608A	Modification to maskant stripping process	921125	0.40 ROG	"
5616A	Cold solvent degreaser	930393*	0.25 ROG	"
703A	Cold solvent dip tank	930480	0.25 ROG	"
87050A	Modification to coating station	930100	0.20 ROG	"
935A	Modify production limits on 3 paint mfg. process line P/O's	930400	1.10 ROG	"
935A	Can filling line	930165	0.40 ROG	"
*This application was erroneously duplicated in the emissions tally for AB 3319.				

1994 Emissions Increases

ID	Equipment Description	App. No.	Emission Increases (tpy) in AB3319 Demo	Offsets Discussion
156A	Soil remediation	940219	0.34 ROG	Offsets deferred. Application subsequently cancelled.
1976A	Ink reclamation system modification	931045	0.01 ROG	Emission increase below de minimis amount. Offsets not required.
2183A	Frit coating line	940065	0.14 ROG	Offsets provided.
2183A	Silica coating line	940066	1.55 ROG	Offsets provided.
253A	Remote reservoir cleaner	940414	0.04 ROG	Offsets deferred.
253A	Remote reservoir cleaner	940415	0.04 ROG	Offsets deferred.
253A	Remote reservoir cleaner	940416	0.04 ROG	Offsets deferred.
253A	Degreaser	931052	0.40 ROG	Offsets deferred.
301A	Degreaser	930638	0.15 ROG	Offsets deferred.
333A	Portable abrasive blasting unit w/ IC engine	930938	12.66 NOx	Complete application before 5/17/94. Grandfathered from 5/94 NSR and state offsets.
344A	Diesel engines (2) modification	930850	1.78 ROG 23.13 NOx	Complete application before 5/17/94. Grandfathered from 5/94 NSR and state offsets.
3680A	Emergency generator	940231	0.07 NOx	Offsets deferred.
3680A	Boiler	930808	1.50 NOx	Complete application before 5/17/94. Grandfathered from 5/94 NSR and state offsets.

1994 Emissions Increases

ID	Equipment Description	App. No.	Emission Increases (tpy) in AB3319 Demo	Offsets Discussion
3680A	Boiler	930809	1.50 NOx	Complete application before 5/17/94. Grandfathered from 5/94 NSR and state offsets.
3680A	Boiler	930847	1.34 NOx	Complete application before 5/17/94. Grandfathered from 5/94 NSR and state offsets.
3680A	Boiler	930848	1.34 NOx	Complete application before 5/17/94. Grandfathered from 5/94 NSR and state offsets.
3680A	Portable boiler	930762	1.97 NOx	Complete application before 5/17/94. Grandfathered from 5/94 NSR and state offsets.
368A	Metal inspection tank	930696	0.59 ROG	Approved prior to 5/17/94. Grandfathered from 5/94 NSR and state offsets.
368A	Degreaser	930693	1.10 ROG	Approved prior to 5/17/94. Grandfathered from 5/94 NSR and state offsets.
368A	Degreaser	930694	0.0 ROG	Approved prior to 5/17/94. Grandfathered from 5/94 NSR and state offsets.
402A	Two emergency generators	930674	2.92 NOx	Approved prior to 5/17/94. Grandfathered from 5/94 NSR and state offsets.
4828A	Emergency generator	940033	0.06 NOx	Missing permit file. Offsets???
4828A	Emergency generator	940068	0.04 NOx	(same)

1994 Emission Increases

ID	Equipment Description	App. No.	Emission Increases (tpy) in AB3319 Demo	Offsets Discussion
4828A	Tactical air compressors	940418	0.0 NOx	(same) Tactical support equipment now exempt from permit. Application subsequently cancelled.
4828A	Tactical arc welder	940419	0.0 NOx 0.0 ROG	(same) Tactical support equipment now exempt from permit. Application subsequently cancelled.
4828A	Tactical arc welder	940421	0.0 ROG	(same) Tactical support equipment now exempt from permit. Application subsequently cancelled.
4833A	Emergency generator	940523	0.06 NOx	Offsets deferred.
5608A	PCB screen printing modification	930487	2.60 ROG	Approved prior to 5/17/94. Grandfathered from 5/94 NSR and state offsets.
703A	Degreaser	930686	0.12 ROG	Approved prior to 5/17/94. Grandfathered from 5/94 NSR and state offsets.

1995 Emissions Increases

ID No.	Equipment Description	App. No.	Emission Increases (tpy) in AB 3319 Demo	Offset Discussion
1976A	Cold solvent degreaser modification	941150	0.36 ROG	Offsets deferred.
201A	Groundwater remediation/gasoline storage tank	950370	0.99 ROG	Offsets deferred.
333A	Remote reservoir cleaner	941134	0.01 ROG	Emission increase below de minimis level. Offsets not required.
333A	Remote reservoir cleaner	941133	0.01 ROG	(same)
344A	Cold solvent dip tank	950308	0.22 ROG	Offsets deferred.
344A	Cold solvent dip tank	950309	0.22 ROG	Offsets deferred.
351A	Emergency generator	950169	0.20 NOx	Included in 1996 tally.
351A	Emergency generator	950170	0.10 NOx	Included in 1996 tally.
3680A	Flares	940632	2.90 NOx	Application cancelled.
402A	Emergency engine-generator set	941052	0.10 NOx	Offsets deferred.
402A	Emergency engine-generator set	941090	0.43 NOx	Offsets deferred.
4821A	Cold solvent dip tank	940621	0.30 ROG	Offsets deferred.
4821A	Cold solvent dip tank	940622	0.30 ROG	Offsets deferred.
4821A	Emergency engine-generator set	940851	0.46 NOx	Offsets deferred.
4824A	5 IC Engines	940586-91	0.20 ROG	App cancelled.
4828A	Emergency fire pump	940913	0.04 NOx	Missing file. Offsets deferred?
4828A	Emergency engine-generator set	940914	0.03 NOx	(same)
4828A	Emergency engine-generator set	940915	0.03 NOx	(same)
4828A	Emergency engine-generator set	940916	0.03 NOx	(same)
4828A	Emergency engine-generator set	940918	0.08 NOx	(same)
4828A	2 Diesel engines	950493	0.16 NOx	Emission decreases sufficient to offset increases.
4828A	Solvent recovery still	940683	0.03 ROG	Emission increase below de minimis level of 0.05 tpy requiring offsets.

1995 Emissions Increases

ID No.	Equipment Description	App. No.	Emission Increases (tpy) in AB 3319 Demo	Offset Discussion
4828A	Emergency diesel engine	940593	0.38 NOx 0.02 ROG	Emission decreases sufficient to offset increases.
4828A	4 Tactical air compressors	940920	0.01 ROG	Tactical support equipment now exempt from permit. Application cancelled.
4828A	10 Tactical hydraulic test stands	940879	0.23 ROG	1 tactical support equipment now exempt from permit. Application cancelled.
4828A	8 Tactical air compressors	940880	0.13 ROG	Tactical support equipment now exempt from permit. Application cancelled.
4828A	14 Tactical air compressors	940881	0.20 ROG	Tactical support equipment now exempt from permit. Application cancelled.
4828A	Tactical generator	940912	0.05 ROG	Tactical support equipment now exempt from permit. Application cancelled.
4828A	33 Tactical generators	940936	1.72 ROG	Tactical support equipment now exempt from permit. Application cancelled.
4828A	Boiler	941008	0.40 ROG	Existing equipment previously exempt per Rule 11. Exempt from NSR and offsets.
4828A	Boiler	941009	0.30 ROG	(same)
4828A	Boiler	941010	0.30 ROG	(same)

1995 Emissions Increases

ID No.	Equipment Description	App. No.	Emission Increases (tpy) in AB 3319 Demo	Offset Discussion
4828A	Boiler	941011	0.30 ROG	(same)
4828A	Boiler	941012	0.40 ROG	(same)
4828A	Air compressor	941132	1.23 NOx 0.02 ROG	Application incomplete. Authority to Construct not issued.
4845A	IC Engine	950063	0.50 NOx	Included in 1996 tally.
5608A	Maskant stripping tank replacement	940547	0.80 ROG	No emission increase with replacement. Offsets not required.

1996 Emission Increases

ID No.	Equipment Description	App. No.	Emission Increases (tpy) in AB3319 Demo	Offsets Discussion
253A	Diesel engine driving crane-modification	950282	31.0 NOx 1.78 ROG	Permitted to share existing fuel limit with previously permitted engine. No net emissions increase. Offsets not required.
351A	Emergency generator	950169	0.21 NOx 0.001 ROG	Offsets deferred.
351A	Emergency generator	950170	0.07 NOx 0.004 ROG	Offsets deferred.
4824A	Arresting IC engine	960560	0.07 NOx	Exempt from NSR, including offsets, per Rule 20.1(b)(7) (1994 version).
4824A	Arresting IC engine	960561	0.07 NOx	Exempt from NSR, including offsets, per Rule 20.1(b)(7) (1994 version).
4824A	Arresting IC engine	960562	0.07 NOx	Exempt from NSR, including offsets, per Rule 20.1(b)(7) (1994 version).
4824A	Arresting IC engine	960563	0.07 NOx	Exempt from NSR, including offsets, per Rule 20.1(b)(7) (1994 version).
4824A	Arresting IC engine	960564	0.07 NOx	Exempt from NSR, including offsets, per Rule 20.1(b)(7) (1994 version).
4824A	Arresting IC engine	960565	0.07 NOx	Exempt from NSR, including offsets, per Rule 20.1(b)(7) (1994 version).
4828A	Emergency generator	950761	0.11 NOx	Offsets deferred.

1996 Emissions Increases

4845A	IC Engine	950063	2.29 NOx 0.03 ROG	Redesignation of military base stationary source; offsets not required.
4845A	IC Engine	950164	0.04 NOx 0.001 ROG	Increase below de minimis. Offsets not required.
703A	Flexography plate processor testing station	950286	0.75 ROG	Offsets provided.

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1997 Emission Increases

I.D.	Equipment Description	App. No.	Emission Increases (tpy) in AB3319 Demo	Offsets Discussion
89211A	Printed circuit board process modification	961997	6.5 ROG	Facility under variance to 12/31/98 to allow source tests to determine emissions, increases, BACT, and offset requirements.
2183A	Frit mixing	961948	0.79 ROG	Offsets provided.
2183A	Frit drying tunnel	961949	0.79 ROG	Offsets provided.
2183A	Frit application	961950	0.79 ROG	Offsets provided.
2183A	2 Gas generator and blackening oven process lines	961952	0.01 ROG	Emission increase below de minimis level. Offsets not required.
935A	Paint filling machine	970098	0.97 ROG	Offsets deferred.
344A	Remote reservoir cleaner	961986	0.11 ROG	Offsets deferred.
4821A	Gasoline dispensing (retail)	961830/ 970125	4.54 ROG	Offsets not addressed.
333A	Marine coating operation	961265	0.99 ROG	Offsets deferred.
6129A	Chemical vapor deposition system modification	970796	0.40 ROG	Permitted at requested usage. EI showed emissions > 10 tpy but < 15 tpy. Permitted with facility cap of 15 tpy.
3680A	IC Engine	961168	2.43 NOx	Offsets required.
3680A	IC Engine	961169	2.43 NOx	Offsets required.
171A	Boiler	961588	1.73 NOx	Backup to existing boiler taken out of service for Rule 69.2 retrofit. After retrofit new boiler will only be used as emergency backup. No net emissions increase.
253A	Diesel engine	961714	3.00 NOx 0.50 ROG	Offsets required in A/C; not yet operating.

1997 Emissions Increases

I.D.	Equipment Description	App. No.	Emission Increases (tpy) in A83319 Demo	Offsets Discussion
4828A	Soil remediation	960115	0.42 ROG	Offsets deferred.
4828A	Groundwater decontamination	960116	0.20 ROG	Offsets deferred.
4828A	Soil remediation	961160	0.20 ROG	Offsets deferred.

APPENDIX A

FULL TEXT OF PROPOSED RULES CHANGES

**AIR POLLUTION CONTROL DISTRICT
COUNTY OF SAN DIEGO**

1998 DRAFT REVISIONS

NEW SOURCE REVIEW RULES

**RULE 20.1
RULE 20.2
RULE 20.3
RULE 20.4
RULE 20.5
RULE 20.6
RULE 20.8**

RULE 20.1
NEW SOURCE REVIEW - GENERAL PROVISIONS
(ADOPTED AND EFFECTIVE 5/1/7/94)
(REV. ADOPTED AND EFFECTIVE 5/15/96)
(REV. ADOPTED AND EFFECTIVE 12/17/97)

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RULE 20.1. NEW SOURCE REVIEW - GENERAL PROVISIONS
(Adopted & Effective 5/17/94; Rev. Effective 12/17/97 and ?????)

(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, 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 and 20.4 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 (ARB) 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 (NO_x) emission increases from new, modified or replacement emission units subject to the requirements of Rule 69(d)(6) shall not be subject to the offset provisions of Subsection (d)(5) of Rule 20.2 or of Subsections (d)(5) and (d)(8) of Rule 20.3. Only those NO_x emission increases in compliance with Rule 69 and associated with generating capacity which the California Energy Commission or California Public Utilities Commission or their successor, as applicable, has determined a need for shall be eligible for this exemption.~~ **RESERVED**

(5) 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.

(6) 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, as applicable.

(7) 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 and which will not result in a modified emission unit, a modified stationary source or an actual emission reduction calculated pursuant to Rule 20.1(d)(4)(ii) shall be exempt from the Best Available Control Technology (BACT), Lowest Achievable Emission Rate (LAER), AQIA and Emission Offset provisions of Rules 20.1, 20.2, 20.3 and 20.4.

(c) DEFINITIONS

For purposes of Rules 20.1, 20.2, 20.3, 20.4 and 20.5, 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) of this rule.

(4) **"Air Contaminant Emission Control Project"** means any activity or project undertaken at an existing emission unit which, as its primary purpose, reduces emissions of air contaminants from such unit in order to comply with a District, ARB or federal Environmental Protection Agency (EPA) emission control requirement. Such activities or projects do not include the replacement of an existing emission unit with a newer or different unit, or the reconstruction of an existing emission unit, or a modification or replacement of an existing emission unit to the extent that such replacement, reconstruction, or modification results in an increase in capacity of the emissions unit, or any air contaminant emission control project for a new or modified emission unit which project is proposed to meet New Source Review Rules 20.1, 20.2, 20.3 and 20.4, or Banking Rules 26.0 through 26.10.

Air contaminant emission control projects include, but are not limited to, any of the following:

(i) The installation of conventional or advanced flue gas desulfurization, or sorbent injection for emissions of oxides of sulfur;

(ii) Electrostatic precipitators, baghouses, high efficiency multiclones, or scrubbers for emissions of particulate matter or other pollutants;

(iii) Flue gas recirculation, low-NOx burners, selective non-catalytic reduction or selective catalytic reduction for emissions of oxides of nitrogen;

(iv) Regenerative thermal oxidizers, catalytic oxidizers, condensers, thermal incinerators, flares, absorption equipment or carbon adsorbers for volatile organic compounds or hazardous air pollutants;

(v) Activities or projects undertaken to accommodate switching to an inherently less polluting fuel, including but not limited to, natural gas firing, or the cofiring of natural gas and other inherently less polluting fuels, for the purpose of controlling emissions. The air contaminant emission control project shall include any activity that is necessary to accommodate switching to an inherently less polluting fuel; and

(vi) Activities or projects undertaken to replace or reduce the use and emissions of stratospheric ozone depleting compounds subject to regulation by the federal EPA.

(5) "**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 EPA may approve. An AQIA shall include an analysis of the impacts on State and National Ambient Air Quality Standards.

(6) "**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)

<u>Air Contaminant</u>	<u>Increment</u>
<u>Nitrogen Dioxide (NO₂)</u> Annual arithmetic mean	2.5 µg/m ³
<u>Sulfur Dioxide (SO₂)</u> Annual arithmetic mean 24-hr. maximum 3-hr. maximum	2.0 µg/m ³ 5.0 µg/m ³ 25.0 µg/m ³
<u>Particulate Matter (PM₁₀)</u> Annual arithmetic mean 24-hr. maximum	4.0 µg/m ³ 8.0 µg/m ³

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

<u>Air Contaminant</u>	<u>Increment</u>
<u>Nitrogen Dioxide (NO₂)</u> Annual arithmetic mean	25.0 µg/m ³
<u>Sulfur Dioxide (SO₂)</u> Annual arithmetic mean 24-hr. maximum 3-hr. maximum	20.0 µg/m ³ 91.0 µg/m ³ 512.0 µg/m ³
<u>Particulate Matter (PM₁₀)</u> Annual arithmetic mean 24-hr. maximum	17.0 µg/m ³ 30.0 µg/m ³

(7) "**Area Fugitive Emissions**" means fugitive emissions of particulate matter (PM₁₀) 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.

(8) **"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.

(9) **"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.

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

(11) **"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 class or category of 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 for such class or category of emission unit, 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 control equipment, process modifications, changes in raw material including alternate fuels, and substitution of equipment or processes with any 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 EPA 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 for such class or category of emission unit.

In determining BACT, the Air Pollution Control Officer may also consider lower-emitting alternatives to a proposed new emission unit or process.

(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)(11)(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 and if the project's emission increase is less than the major modification thresholds of Table 20.1-5.

(B) BACT applies to the emission unit's entire post-project 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.

(12) "**Class I Area**" means any area designated as Class I under Title I, Part C of the federal Clean Air Act. As of May 17, 1994, the Agua Tibia National Wilderness Area was the only area so designated within San Diego County. As of May 17, 1994, 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

<u>Class I Area</u>	<u>Approximate Location</u>
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

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

(14) "**Commenced Construction**" means that the owner or operator of a stationary source has an Authority to Construct or a Determination of Compliance issued pursuant to these rules and regulations and either has:

(i) Begun, or caused to begin, a continuous program of actual on-site construction of the source to be completed within a reasonable time, or

(ii) Entered into binding agreements or contractual obligations, which cannot be canceled or modified without substantial loss to the owner or operator, to undertake a program of actual construction of the source to be completed within a reasonable time.

(15) "**Construction**" means any physical change or change in the method of operation, including fabrication, erection, installation, demolition or modification of an emission unit, which would result in a change in actual emissions.

(16) "**Contemporaneous Emissions Increase**" means the sum of emission increases from new or modified emission units occurring at a stationary source within the calendar year in which the subject emission unit(s) is expected to commence operation and the preceding four calendar years, including all other emission units with complete applications under District review and which are expected to commence operation within such calendar years. 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.

When an emissions increase from a new or modified emission unit or project has been determined to be subject to, and approved as in compliance with, the LAER and/or federal emission offset requirements of Rule 20.3, the contemporaneous emissions increase for the subject air contaminant or precursor shall thereafter not include any residual emission increase from such new or modified emission unit or project.

(17) "**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-adjointing parcels of land which are connected by a process line, conveyors or other equipment shall be considered to be contiguous property. Non-adjointing parcels of land separated by bodies of water designated "navigable" by the U.S. Coast Guard, shall not be considered contiguous properties.

(18) "**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

(19) **"Emergency Equipment"** means an emission unit used exclusively to drive an electrical generator, an air compressor or a pump in emergency situations, except for operations up to 52 hours per calendar year for non-emergency purposes. Emission units used for supplying power for distribution to an electrical grid shall not be considered emergency equipment.

(20) **"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.

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

(22) **"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.

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

(24) **"Enforceable"** means capable of being enforced by the District, including through either the SIP or inclusion of conditions on an Authority to Construct, Permit to Operate, Determination of Compliance or Emission Reduction Credit (ERC) Certificate.

(25) **"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.

(26) **"Federally Enforceable"** means, for purposes of permitting new or modified sources, can be enforced by the federal EPA including through either the SIP or terms and conditions of an Authority to Construct or Permit to Operate as they apply to the following requirements:

(i) Any standard or other requirement provided for in the SIP, including any revisions approved or promulgated by the federal EPA through rulemaking under Title I of the federal Clean Air Act.

(ii) Any term or condition of an Authority to Construct issued pursuant to these rules and regulations which term or condition is imposed pursuant to 40 CFR Parts 60 or 61, 40 CFR Part 52.21 or 40 CFR Part 51, Subpart I.

(iii) Any standard or other requirement under Sections 111 or 112 of the federal Clean Air Act.

(iv) Any standard or other requirement of the Acid Rain Program under Title IV of the federal Clean Air Act or the regulations promulgated thereunder.

This does not preclude enforcement by the Air Pollution Control Officer. Authority to Construct or Permit to Operate terms and conditions imposed pursuant to these rules and regulations or state law and not for purposes of compliance with paragraphs (i) through (iv) above shall not be federally enforceable unless specifically requested by the owner or operator.

For purposes of creating, banking and/or using creditable emission reductions to meet federal offset requirements, federally enforceable means capable of being enforced by the federal EPA including through either the SIP, terms and conditions of a Permit to Operate or an Emission Reduction Credit (ERC) Certificate that are necessary to ensure compliance with Rules 26.0 et seq., and to ensure the validity of the emission reduction, or through terms and conditions of an Authority to Construct, Permit to Operate or Determination of Compliance as they apply to the creation of emission reductions eligible for banking under Rules 26.0 et seq.

(27) **"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.

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

(29) **"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.

(30) **"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.

(31) **"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.

(32) "**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 SIP approved by the federal EPA for such emission unit class or category, unless the applicant demonstrates to the satisfaction of the Air Pollution Control Officer that such emission limitation, device 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 subject to the LAER requirements of these rules, the entire emission unit's post-project potential to emit shall be subject to LAER.

(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).

(33) "**Major Modification**" means a physical or operational change which results, or may result, in a contemporaneous emissions increase at an existing major stationary source which source is major for the pollutant for which there is 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

<u>Air Contaminant:</u>	<u>Emission Rate</u> <u>(Ton/yr)</u>
Particulate Matter (PM10)	15
Oxides of Nitrogen (NOx)	25
Volatile Organic Compounds (VOC)	25
Oxides of Sulfur (SOx)	40
Carbon Monoxide (CO)	100
Lead (Pb)	0.6

(34) "**Major Source Baseline Date**" means January 6, 1975 for sulfur dioxide (SO2) and particulate matter (PM10), and February 8, 1988 for nitrogen dioxide (NO2).

(35) "**Major Stationary Source**" means any emission unit or stationary source which has, or will have after issuance of a permit, an aggregate potential to emit one or more air contaminants, including fugitive emissions, in amounts equal to or greater than any of the emission rates listed in Table 20.1 - 6.

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

<u>Air Contaminant:</u>	<u>Emission Rate (Ton/yr)</u>
Particulate Matter (PM ₁₀)	100
Oxides of Nitrogen (NO _x)	50
Volatile Organic Compounds (VOC)	50
Oxides of Sulfur (SO _x)	100
Carbon Monoxide (CO)	100
Lead (Pb)	100

(36) **"Military Tactical Support Equipment"** means any equipment owned by the U.S Department of Defense or the National Guard and used in combat, combat support, combat service support, tactical or relief operations, or training for such operations.

(37) **"Modeling"** means the use of an applicable ARB or federal EPA 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.

(38) **"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.

(39) **"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.

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

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 $\mu\text{g}/\text{m}^3$)	Same as Primary	Ethylene Chemiluminescence
Carbon Monoxide	8 Hour	9.0 ppm (10 mg/m^3)	Non-Dispersive Infrared Spectroscopy (NDIR)	9 ppm (10 mg/m^3)	-	Non-Dispersive Infrared Spectroscopy (NDIR)
	1 Hour	20 ppm (23 mg/m^3)		35 ppm (40 mg/m^3)		
Nitrogen Dioxide	Annual Average	-	Gas Phase Chemiluminescence	0.053 ppm (100 $\mu\text{g}/\text{m}^3$)	Same as Primary Standards	Gas Phase Chemiluminescence
	1 Hour	0.25 ppm (470 $\mu\text{g}/\text{m}^3$)		-		
Sulfur Dioxide	Annual Average	-	Ultraviolet Fluorescence	80 $\mu\text{g}/\text{m}^3$ (0.03 ppm)	-	Pararosaniline
	24 Hour	0.04 ppm (105 $\mu\text{g}/\text{m}^3$)		365 $\mu\text{g}/\text{m}^3$ (0.14 ppm)	-	
	3 Hour	-		-	1300 $\mu\text{g}/\text{m}^3$ (0.5 ppm)	
	1 Hour	0.25 ppm (655 $\mu\text{g}/\text{m}^3$)		-	-	
Suspended Particulate Matter (PM ₁₀)	Annual Mean	30 $\mu\text{g}/\text{m}^3$	Size Selective Inlet High Volume Sampler	50 $\mu\text{g}/\text{m}^3$	-	High Volume Sampling
	24 Hour	50 $\mu\text{g}/\text{m}^3$		150 $\mu\text{g}/\text{m}^3$		
Sulfates	24 Hour	25 $\mu\text{g}/\text{m}^3$	Turbidimetric Barium Sulfate	-	-	-
Lead	30-Day Average	1.5 $\mu\text{g}/\text{m}^3$	Atomic Absorption	-	-	Atomic Absorption
	Calendar Quarter	-		1.5 $\mu\text{g}/\text{m}^3$	Same as Primary	
Hydrogen Sulfide	1 Hour	0.03 ppm (42 $\mu\text{g}/\text{m}^3$)	Cadmium Hydroxide Stractan	-	-	-
Vinyl Chloride (Chloroethene)	24 Hour	0.010 ppm (26 $\mu\text{g}/\text{m}^3$)	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

- California standards, other than ozone, carbon monoxide, sulfur dioxide (1 hour), nitrogen dioxide, and particulate matter (PM₁₀), are values that are not to be equaled or exceeded. The ozone, carbon monoxide, sulfur dioxide (1 hour), nitrogen dioxide, and particulate matter (PM₁₀) standards are not to be exceeded.
- 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.
- 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.
- 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.
- 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).
- 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.
- 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.
- 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.
- The annual PM₁₀ state standard is based on the geometric mean of all reported values taken during the year. The annual PM₁₀ national standard is based on averaging the quarterly arithmetic means.

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

(i) Any emission unit not constructed or installed in San Diego County as of December 17, 1997.

(ii) Any emission unit which was constructed, installed or operated without a valid Authority to Construct or Permit to Operate from the District, except as provided for in Subsection (b)(1).

(iii) 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.

(42) **"New Major Stationary Source"** means a new emission unit or new stationary source which will be a major stationary source.

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

(44) **"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 - 8
Non-Criteria Pollutant Emissions Significance Levels

<u>Air contaminant:</u>	<u>Emission Rate</u> <u>(Ton/yr)</u>
Asbestos	0.007
Beryllium	0.0004
Fluorides	3
Hydrogen Sulfide (H ₂ S)	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

(45) **"Non-Major Source Baseline Date"** means December 8, 1983, for sulfur dioxide (SO₂). For particulate matter (PM₁₀) and nitrogen dioxide (NO₂), 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 PM₁₀ or NO_x or which is a PSD Major Modification for PM₁₀ or NO_x as applicable, is deemed complete. As of May 17, 1994, neither the particulate matter nor the nitrogen dioxide non-major source baseline date have been established.

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

(47) **"Particulate Matter or Particulate Matter (PM10)"** means particulate matter with an aerodynamic diameter less than or equal to a nominal 10 microns. For non-fugitive emissions, any applicable test method approved by the federal EPA, the state ARB and the Air Pollution Control Officer shall be used to measure PM10. The Air Pollution Control Officer may require the use of an applicable test method prior to final approval by EPA and ARB if the Officer determines that the method is consistent with these rules, or results in an improved measure of PM10 emissions, and has received written initial concurrence from ARB and EPA for use of the method.

(48) **"Permanent"** means enforceable and which will exist for an unlimited period of time. For purposes of meeting the emission offset requirements of Rules 20.3 and 20.4, permanent means also federally enforceable.

(49) **"Portable Emission Unit"** means an emission unit that is designed to be and capable of being carried or moved from one location to another. Indicia of portability include, but are not limited to, wheels, skids, carrying handles, dolly, trailer or platform. For the purposes of this regulation, dredge engines on a boat or barge are considered portable. An emission unit is not portable if any of the following apply:

(i) The unit, or its replacement, is attached to a foundation or, if not so attached, will reside at the same location for more than 12 consecutive months. Any portable emission unit such as a backup or standby unit that replaces a portable emission unit at a location and is intended to perform the same function as the unit being replaced will be included in calculating the consecutive time period. In that case, the cumulative time of all units, including the time between the removal of the original unit(s) and installation of the replacement unit(s), will be counted toward the consecutive time period; or

(ii) The emission unit remains or will reside at a location for less than 12 consecutive months if the unit is located at a seasonal source and operates during the full annual operating period of the seasonal source. A seasonal source is a stationary source that remains in a single location on a permanent basis (i.e., at least two years) and operates at that single location at least three months each year; or

(iii) The emission unit is moved from one location to another in an attempt to circumvent the portable emission unit residence time requirements.

Days when portable emission units are stored in a designated holding or storage area shall not be counted towards the above time limits, 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.

Emission units which exceed the above time limits 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, and 20.3.

(50) **"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).

(51) **"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).

(52) **"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

<u>Precursor Air Contaminant</u>	<u>Secondary Air Contaminant</u>
NOx	NO ₂ PM ₁₀ Ozone
VOC	PM ₁₀ Ozone
SOx	SO ₂ PM ₁₀

(53) **"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).

(54) **"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).

(55) **"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.

(56) **"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.

(57) **"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 or any non-criteria pollutant emissions significance level.

TABLE 20.1 - 10
PSD Modification

<u>Air contaminant:</u>	<u>Emission Rate (Ton/yr)</u>
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

(58) **"~~Prevention of Significant Deterioration (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 | 17. Phosphate rock processing plants |
| 6. Chemical process plants | 18. Petroleum refineries |
| 7. Coal cleaning plants with thermal dryers | 19. Primary aluminum ore reduction plants |
| 8. Coke oven batteries | 20. Primary copper smelters |
| 9. Fuel conversion plants | 21. Primary lead smelters |
| 10. Furnace process carbon black plants | 22. Primary zinc smelters |
| 11. Glass fiber processing plants | 23. Portland cement plants |
| 12. Hydrofluoric acid plants | 24. Secondary metal production plants |
| 13. Iron and steel mill plants | 25. Sintering plants |
| 14. Kraft pulp mills | 26. Sulfuric acid plants |
| 15. Lime plants | 27. Sulfur recovery plants |
| 16. Nitric acid plants | 28. Taconite ore processing plants |

The following emission rates:

<u>Air Contaminant</u>	<u>(Ton/yr)</u>
Particulate Matter (PM ₁₀)	100
Oxides of Nitrogen (NO _x)	100
Volatile Organic Compounds (VOC)	100
Oxides of Sulfur (SO _x)	100
Carbon Monoxide (CO)	100

For all other stationary sources:

<u>Air Contaminant</u>	<u>(Ton/yr)</u>
Particulate Matter (PM ₁₀)	250
Oxides of Nitrogen (NO _x)	250
Volatile Organic Compounds (VOC)	250
Oxides of Sulfur (SO _x)	250
Carbon Monoxide (CO)	250

(59) "**Quantifiable**" means that a reliable basis to estimate emission reductions in terms of both their amount and characteristics can be established, as determined by the Air Pollution Control Officer. Quantification may be based upon emission factors, stack tests, monitored values, operating rates and averaging times, process or production inputs, mass balances or other reasonable measurement or estimating practices.

(60) "**Real**" means actually occurring and which will not be replaced, displaced or transferred to another emission unit at the same or other stationary source within San Diego County, as determined by the Air Pollution Control Officer.

(61) "**Reasonably Available Control Technology**" or "**RACT**" means the lowest emission limit that a particular source is capable of meeting by the application of control technology that is reasonably available, as determined by the Air Pollution Control Officer pursuant to the federal Clean Air Act, considering technological and economic feasibility.

(62) "**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.

(63) "**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.

(64) "**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.

(65) "**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:

(66) "**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 ARB (see Table 20.1 - 7).

TABLE 20.1 - 12
Stationary Sources Impacting Any Class I Area

<u>Air Contaminant</u>	<u>Significant Impact (24-hour Maximum)</u>
Particulate Matter (PM ₁₀)	1.0 µg/m ³
Nitrogen Dioxide (NO ₂)	1.0 µg/m ³
Sulfur Dioxide (SO ₂)	1.0 µg/m ³
Carbon Monoxide (CO)	1.0 µg/m ³

TABLE 20.1 - 13
Stationary Sources Impacting Any Class II Area

<u>Air Contaminant</u>	<u>Significant Impact</u>
<u>Particulate Matter (PM₁₀)</u>	
Annual arithmetic mean	1.0 µg/m ³
24-hr. maximum	5.0 µg/m ³
<u>Nitrogen Dioxide (NO₂)</u>	
Annual arithmetic mean	1.0 µg/m ³
<u>Sulfur Dioxide (SO₂)</u>	
Annual arithmetic mean	1.0 µg/m ³
24-hr. maximum	5.0 µg/m ³
<u>Carbon Monoxide (CO)</u>	
8-hr. maximum	500.0 µg/m ³
1-hr. maximum	2000.0 µg/m ³

(67) **"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.

(68) **"Surplus"** means the same as defined in Rule 26.0.

(69) **"Temporary"** means enforceable, existing and valid for a specified, limited period of time. For purposes of meeting the federal emission offset requirements of Rules 20.3 and 20.4, temporary means also federally enforceable.

(70) **"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 the same as defined in Rule 2.

(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. 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).

If an Authority to Construct has previously been issued for an emission unit pursuant to New Source Review rules approved by EPA into the SIP for the District, and the previous emission increases that resulted from that emission unit were offset in accordance with the approved New Source Review rules in effect at that time, 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, and of emission units that are registered under District Rules 12 or 12.1 or an ARB registration program, shall not be included in the aggregate potential to emit of a stationary source except that emissions of any federal criteria air contaminant or precursor from an emission unit shall be included if the actual emission of any such air contaminant or precursor from the unit, without consideration of any add-on emission control devices, equals or exceeds 5 pounds per day or 25 pounds per week.

The applicant and the Air Pollution Control Officer may agree to place all permit-exempt and registered emission units which would be classified under the same class or category of source under permit for purposes of creating emission reduction credits (ERCs). In such case, the potential to emit of such emission units shall be included in the stationary source's aggregate potential to emit.

(B) **Emergency Equipment**

The potential to emit from the operation of emergency equipment during emergency situations shall not be included in the calculation of a stationary source's aggregate potential to emit. The potential to emit from operation of emergency equipment during non-emergency situations shall only be included in the calculation of a stationary source's aggregate potential to emit if the actual emissions of any federal criteria air contaminant or precursor from the unit, without consideration of any add-on emission control devices, equals or exceeds 5 pounds per day or 25 pounds per week.

(C) **Portable Emission Units**

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

(D) **Military Tactical Support Equipment Engines**

Emissions from portable engines, including gas turbines, used exclusively in conjunction with portable military tactical support equipment 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 the average of 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 average of 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.

(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 or 20.3, area fugitive emissions of particulate matter (PM10) 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 PM10 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.

(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) that occurred during 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. This provision shall not apply to emission reductions from an emission unit which is exempt from permit requirements pursuant to Rule 11. However, at the time of use the emission reduction credits (ERCs) created from

actual emission reductions from such an exempt emission unit shall be discounted by the emission reductions which would have occurred had RACT, determined by the Air Pollution Control Officer to meet the requirements of the federal Clean Air Act, been applied. A condition shall be included in the Emission Reduction Credit (ERC) Certificate for such an exempt emission unit requiring such discounting to occur at the time of use of the emission reduction credit.

(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 and 20.4.

(i) Emission offsets shall consist of actual emission reductions calculated in accordance with Subsection (d)(4)(ii) or shall be Class 'A' ERCs pursuant to Rules 26.0 through 26.10 or a mobile source ERC issued pursuant to Rule 27. In order to be considered an emission offset, actual emission reductions or ERCs 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 through 26.10 or Rule 27, 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 ERCs.

(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 December 17, 1997 shall remain valid and enforceable for the life of the Authority to Construct or Permit to Operate, unless specifically modified by the District.

DRAFT 1998 REVISIONS

RULE 20.2 NEW SOURCE REVIEW NON - MAJOR STATIONARY SOURCES (ADOPTED AND EFFECTIVE 5/17/94) (REV. ADOPTED AND EFFECTIVE 12/17/97)

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NOTE: The following listed sections and subsections will not be submitted to the federal Environmental Protection Agency (EPA) for inclusion in the San Diego State Implementation Plan (SIP):

Section (b), Subsections (d)(1), (d)(2)(v), ~~(d)(5) and (d)(6)~~.

Subsections (d)(2)(i), (d)(2)(ii), (d)(2)(iii), (d)(2)(iv) and (d)(2)(vi) will be submitted to EPA for inclusion in the SIP only with respect to national ambient air quality standards.

RULE 20.2. NEW SOURCE REVIEW - NON-MAJOR STATIONARY SOURCES (Adopted & Effective: 5/17/94; Rev. Effective 12/17/97 and ??????)

(a) APPLICABILITY

This rule applies to any new or modified stationary source, to any new, ~~or modified or replacement~~ 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.

~~(3) Emission increases resulting from an air contaminant emission control project shall be exempt from the emission offset requirements of Subsections (d)(5) and (d)(6) of this rule to the extent that the project does not include an increase in the capacity of the emission unit being controlled. Emission increases that are associated with an increase in capacity of the emission unit being controlled shall be subject to the emission offset provisions of this rule, as applicable.~~

(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 or modified Permit to Operate 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 particulate matter (PM₁₀), oxides of nitrogen (NO_x), volatile organic compounds (VOC) or oxides of sulfur (SO_x) and which unit has a post-project potential to emit of 10 pounds per day or more of PM₁₀, NO_x, VOC, or SO_x 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 PM₁₀, NO_x, VOC or SO_x 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 PM₁₀, NO_x, VOC or SO_x 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 PM₁₀, NO_x, VOC or SO_x and which unit has a post-project potential to emit of 10 pounds per day or more of PM₁₀, NO_x, VOC or SO_x shall be equipped with BACT for each such air contaminant. BACT shall apply based on the unit's non-emergency operation 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 or modified Permit to Operate for any emission unit subject to this rule unless the following requirements are satisfied. Area fugitive emissions of PM₁₀ 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 PM₁₀ 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 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 or interfere with the attainment or maintenance of any state or national ambient air quality standard.

If a PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ which would be formed by precursor air contaminants prior to discharge to the atmosphere.

TABLE 20.2 - 1
AQIA Trigger Levels

<u>Air Contaminant</u>	<u>(lb/hr)</u>	<u>Emission Rate</u>	
		<u>(lb/day)</u>	<u>(tons/yr)</u>
Particulate Matter (PM ₁₀)	---	100	15
Oxides of Nitrogen (NO _x)	25	250	40
Oxides of Sulfur (SO _x)	25	250	40
Carbon Monoxide (CO)	100	550	100
Lead and Lead Compounds	---	3.2	0.6

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

If a PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ 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 or 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 PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ which would be formed by precursor air contaminants prior to discharge to the atmosphere.

(iv) **AQIA Not Required for NO_x 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 NO_x or 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 NO_x or VOC emissions from point sources on ozone ambient air quality standards and that such procedures are acceptable to the California Air Resources Board (ARB) or the federal Environmental Protection Agency (EPA).

(v) **AQIA Requirements for PM₁₀ 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 PM₁₀ impacts on the state ambient air quality standards, as follows:

(A) If the project will result in a maximum PM₁₀ air quality impact of less than 5 µg/m³ (24-hour average basis) and 3 µg/m³ (annual geometric mean basis), all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at a ratio of 1.5 to 1.

(B) If the project will result in a maximum PM₁₀ air quality impact equal to or greater than 5 µg/m³ but less than 10 µg/m³ (24-hour average basis) or equal to or greater than 3 µg/m³ but less than 6 µg/m³ (annual geometric mean basis):

(1) the project must be equipped with BACT for PM₁₀ emissions without consideration for cost-effectiveness,

(2) all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at an overall ratio of 1.5 to 1,

(3) sufficient emission offsets must be provided within the project's impact area to offset all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, 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 PM₁₀ ambient air quality impact minus 5 µg/m³ (24-hour average basis) and 3 µg/m³ (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 PM₁₀ air quality impact equal to or greater than 10 µg/m³ (24-hour average basis) or equal to or greater than 6 µg/m³ (annual geometric mean basis).

(vi) **AOIA 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 or modified Permit to Operate 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 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) **ARB, SCAQMD and Imperial County APCD Notification**

Notify and submit to the California ARB, the South Coast Air Quality Management District 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 or modified Permit to Operate for any project subject to the AQIA or notification requirements of Subsection (d)(2) or (d)(3), nor for any project which results in an emissions increase of VOCs equal to or greater than 250 pounds per day or 40 tons per year, 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, 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**~~

~~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)(v).~~

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

~~(A) **Offset Requirements for VOC Emission Increases**~~

~~The VOC emission increase from a new or modified emission unit located at a stationary source with a VOC 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.~~

~~(B) **Offset Requirements for NOx Emission Increases**~~

~~The NOx emission increase from a new or modified emission unit located at a stationary source with an NOx 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.~~

TABLE 20.2-2
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

Potential \leq 15 tons/year	1 : 1	1 : 1
Potential \geq 50 tons/year	Rule 20.3 applies	

~~(ii) **Offset Requirements - Relocated and Replacement Emission Units**~~

~~For each pollutant for which a stationary source has a post-project aggregate potential to emit equal to or greater than 15 tons per year, the VOC and NO_x emission increase from a relocated or replacement emission unit shall be offset as specified in Subsection (d)(5)(i).~~

~~(iii) **Offset Requirements - Essential Public Services**~~

~~(A) If emission offsets are required pursuant to Subsections (d)(5)(i) or (ii) 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) or (ii) 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)(iii), 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 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, or~~

~~(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.~~

~~(iv) **Offset Requirements - Air Contaminant Emission Control Projects Installed Pursuant to District Rules and Regulations**~~

~~If emission offsets are required for emission increases from an emission unit resulting from the installation of an air contaminant emission control project to comply~~

with a requirement of these rules and regulations, but not including Rules 20.1, 20.2, 20.3, 20.4 or 20.5, Rules 26.0 through Rule 26.10, inclusive, or Rule 1200, the Air Pollution Control Officer may elect to provide a portion or all of the emission offsets through the District 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 (ERCs) from the District Bank, the Air Pollution Control Officer must determine that the following are satisfied:

— (A) — the air contaminant emission control project satisfies the applicable requirements of these rules and regulations, and

— (B) — the amount of the ERCs to be obtained from the District Bank do not exceed 10 tons per year on a pollutant specific basis.

— (v) — **Interpollutant Offset Ratios**

The Air Pollution Control Officer may allow the use of interpollutant emission offsets at the ratios specified in Table 20.2 - 3 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 20.2 - 3
Interpollutant Offset Ratio

Emission Increase	Emission Decrease	Interpollutant Ratio
Oxides of Nitrogen (NO _x)	NO _x	1.0
	VOC	2.0
Volatile Organic Compounds (VOC)	VOC	1.0
	NO _x	1.0

— (6) — **EMISSION OFFSET REQUIREMENTS: USE OF DISTRICT BANK EMISSION REDUCTION CREDITS (ERCs)**

The Air Pollution Control Officer may elect to provide emission offsets from a District developed and maintained District Bank provided that the following are satisfied:

— (i) — The District Bank has been established consistent with the provisions of Rule 26.0 et. seq.,

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

— (iii) — Only banked ERCs in excess of those necessary to demonstrate compliance with the no net increase permit program provisions of the California Clean Air Act are utilized.

~~— The use of District Bank ERCs 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 ERCs from the District Bank which are to be allocated for each category:~~

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

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

~~— (vi) For use for air contaminant emission control projects as provided for in Subsection (d)(5)(iv) of this rule,~~

~~— (vii) For use for air contaminant emission control projects as provided for in Subsection (d)(5) of Rule 20.3, and~~

~~— (viii) For any other purpose approved by the Air Pollution Control Board and in conformity with state and federal laws and requirements.~~

DRAFT 1998 REVISIONS

RULE 20.3 NEW SOURCE REVIEW MAJOR STATIONARY SOURCES AND PSD STATIONARY SOURCES

(ADOPTED AND EFFECTIVE 5/17/94)
(REV. ADOPTED AND EFFECTIVE 12/17/97 AND ????)

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NOTE: The following listed sections and subsections will not be submitted to the federal Environmental Protection Agency (EPA) for inclusion in the San Diego State Implementation Plan (SIP):

Subsections (b)(2), (b)(3), (d)(1)(i), (d)(1)(ii), (d)(1)(iii), (d)(2)(v), (d)(5)(i), (d)(5)(ii) and (d)(5)(iv).

Subsections (d)(2)(i) through (d)(2)(iv), and (d)(2)(vi) will be submitted to EPA for inclusion in the SIP only with respect to national ambient air quality standards.

RULE 20.3. NEW SOURCE REVIEW - MAJOR STATIONARY SOURCES AND PREVENTION OF SIGNIFICANT DETERIORATION (PSD) STATIONARY SOURCES
(Adopted & Effective: 5/17/94; Rev. Effective 12/17/97 and ?????)

(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) 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.

(3) Emission increases resulting from an air contaminant emission control project shall be exempt from the emission offset requirements of Subsection (d)(5), (d)(6), (d)(7) and (d)(8) of this rule to the extent that the project does not include an increase in the capacity of the emission unit being controlled. Emission increases that are associated with an increase in capacity of the emission unit being controlled shall be subject to the emission offset provisions of this rule, as applicable.

(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 or modified Permit to Operate 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 - BACT**

Except as provided in Subsection (d)(1)(v), any new or modified emission unit which has any increase in its potential to emit particulate matter (PM₁₀), oxides of nitrogen (NO_x), volatile organic compounds (VOC), or oxides of sulfur (SO_x) and which unit has a post-project potential to emit 10 pounds per day or more of PM₁₀, NO_x, VOC or SO_x shall be equipped with BACT for each such air contaminant.

(ii) **Relocated Emission Units**

Except as provided in Subsection (d)(1)(v), and 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 PM₁₀, NO_x, VOC or SO_x shall be equipped with BACT for each such air contaminant.

(iii) **Replacement Emission Units**

Except as provided in Subsection (d)(1)(v), any replacement emission unit with a post-project potential to emit of 10 pounds per day or more of PM₁₀, NO_x, VOC or SO_x 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 PM₁₀, NO_x, VOC or SO_x shall be equipped with BACT for each such air contaminant. BACT shall apply based on the unit's non-emergency operation emissions and excluding the unit's emissions while operating during emergency situations.

(v) **Lowest Achievable Emission Rate (LAER)**

Except as provided for in Subsections (d)(1)(iv) and (d)(7), LAER shall be required for each new, modified, relocated or replacement emission unit which results in an emissions increase which constitutes a new major source or major modification. LAER shall be required only 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.

(vi) **New or Modified Emission Units - PSD Stationary Sources**

Any new or modified emission unit at a PSD stationary source, which emission unit has an emission increase of one or more air contaminants which constitutes a new PSD stationary source (see Table 20.1-11) or PSD modification (see Tables 20.1-8 and 20.1-10), shall be equipped with 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 emission unit subject to this rule unless the following requirements are satisfied. Area fugitive emissions of PM₁₀ 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 PM₁₀ 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 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 or interfere with the attainment or maintenance of any state or national ambient air quality standard.

If a PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ which would be formed by precursor air contaminants prior to discharge to the atmosphere.

TABLE 20.3 - 1
AQIA Trigger Levels

<u>Air Contaminant</u>	<u>Emission Rate</u>		
	<u>(lb/hr)</u>	<u>(lb/day)</u>	<u>(tons/yr)</u>
Particulate Matter (PM ₁₀)	---	100	15
Oxides of Nitrogen (NO _x)	25	250	40
Oxides of Sulfur (SO _x)	25	250	40
Carbon Monoxide (CO)	100	550	100
Lead and Lead Compounds	---	3.2	0.6

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

If a PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ 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 or 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 PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ which would be formed by precursor air contaminants prior to discharge to the atmosphere.

(iv) **AQIA Not Required for NO_x 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 NO_x or

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 NO_x or VOC emissions from point sources on ozone ambient air quality standards and that such procedures are acceptable to the California Air Resources Board (ARB) or the federal Environmental Protection Agency (EPA).

(v) **AQIA Requirements for PM₁₀ 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 PM₁₀ impacts on the state ambient air quality standards, as follows:

(A) If the project will result in a maximum PM₁₀ air quality impact of less than 5 µg/m³ (24-hour average basis) and 3 µg/m³ (annual geometric mean basis), all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at a ratio of 1.5 to 1.

(B) If the project will result in a maximum PM₁₀ air quality impact equal to or greater than 5 µg/m³ but less than 10 µg/m³ (24-hour average basis) or equal to or greater than 3 µg/m³ but less than 6 µg/m³ (annual geometric mean basis):

(1) the project must be equipped with BACT for PM₁₀ emissions without consideration for cost-effectiveness,

(2) all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at an overall ratio of 1.5 to 1,

(3) sufficient emission offsets must be provided within the project's impact area to offset all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, 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 PM₁₀ ambient air quality impact minus 5 µg/m³ (24-hour average basis) and 3 µg/m³ (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 PM₁₀ air quality impact equal to or greater than 10 µg/m³ (24-hour average basis) or equal to or greater than 6 µg/m³ (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 or modified Permit to Operate 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 with respect to a 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 AQLA 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 pollutant emissions significance level (see Table 20.1-8) 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 EPA 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 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 ARB, the South Coast Air Quality Management District 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 SO_x, NO_x, or PM₁₀ 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 EPA.

(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 Good Engineering Practice (GEP) requirements contained in the 1993 version of 40 CFR 51.100(ii). The Air Pollution Control Officer may specify compliance with a more recent version of the GEP requirements upon finding that such

specification will not significantly change the effect of this paragraph and is necessary to carry out federal PSD requirements.

(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. Such shorter period shall not be less than four consecutive months. 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 or modified Permit to Operate issued to a PSD stationary source subject to the provisions of Subsection (d)(3) of this rule, shall become invalid if construction or modification is not commenced within 18 months after its issuance or if construction or modification 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 or modified Permit to Operate for any project subject to the AQIA or notification requirements of Subsections (d)(2) or (d)(3) above, nor for any project which results in an emissions increase of VOC equal to or greater than 250 pounds per day or 40 tons per year, nor for any project that would otherwise constitute a new major source or a major modification, 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 ARB and federal EPA 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, 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 or modified Permit to Operate for any project subject to this rule unless emission offsets are provided, on a pollutant specific basis, for any emission increases of non-attainment air contaminants and their precursors. ~~Emission offsets shall be provided for emission increases from projects 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 and in Subsections (d)(6), (d)(7) and (d)(8) of this rule.~~ 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 RESERVED**

~~(A) Offset Requirements for VOC Emission Increases~~

~~The VOC emission increase from a new or modified emission unit located at a stationary source with a VOC 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.~~

~~(B) Offset Requirements for NOx Emission Increases~~

The NO_x emission increase from a new or modified emission unit located at a stationary source with a NO_x 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.

TABLE 20.3-2
VOC and NO_x Offset Ratios
Federal Serious Ozone Non-Attainment Classification

Stationary Source's Post Project Aggregate VOC or NO _x Potential to Emit	Offset Ratio	
	NO _x	VOC
Potential < 15 tons/year	None	None
Potential > 15 tons/year	1 : 1	1 : 1
Potential ≥ 50 tons/year	1.2:1.0	1.2:1.0

The federal offset ratios of 1.2 to 1.0 specified in this Table shall only apply if the new or modified emission unit or project constitutes a new major source or major modification.

(ii) Reserved

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

(A) Offset Requirements for CO Emission Increases

Except as provided in Subsection (d)(5)(iii)(B) below, the carbon monoxide (CO) emission increase from a new or modified emission unit located at a stationary source, and which increase constitutes a new major stationary source or major modification for CO, shall be offset at a 1.0 to 1.0 offset ratio. This requirement shall no longer apply if the District is redesignated by the federal EPA as in attainment with respect to the national ambient air quality standard for CO.

(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 CO, emission offsets for CO shall not be required.

(iv) Offset Requirements - Relocated and Replacement Emission Units

The VOC and NO_x emission increases that result from a relocated or replacement emission unit at a stationary source which, on a pollutant specific basis, has a post-project potential to emit equal to or greater than 15 tons per year, shall be offset as specified in Subsection (d)(5)(i). **RESERVED**

(v) **Offset Requirements - Air Contaminant Emission Control Projects Installed Pursuant to District Rules and Regulations**

If emission offsets are required for emission increases from an emission unit resulting from the installation of an air contaminant emission control project to comply with a requirement of these rules and regulations, but not including Rules 20.1, 20.2, 20.3, 20.4, or 20.5, Rules 26.0 through Rule 26.10, inclusive, or Rule 1200, the Air Pollution Control Officer may elect to provide a portion or all of the emission offsets through the District 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 (ERCs) from the District Bank, the Air Pollution Control Officer must determine that the following are satisfied:

(A) the air contaminant emission control project satisfies the applicable requirements of these rules and regulations, and

(B) the amount of the ERCs to be obtained from the District Bank do not exceed 10 tons per year on a pollutant specific basis.

(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 - 2 to satisfy the offset requirements of Subsections (d)(5), (d)(6), (d)(7) and (d)(8) of this rule, 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 this rule to determine the final offset ratio.

TABLE 20.3 - 3
Interpollutant Ratio

Emission Increase	Decrease	Interpollutant Ratio
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 DISTRICT BANK EMISSION REDUCTION CREDITS (ERCs)**

The Air Pollution Control Officer may elect to provide emission offsets from a District developed and maintained District Bank provided that the following are satisfied:

(i) The District Bank has been established consistent with the provisions of Rule 26.0 et seq.,

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

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

The use of District Bank ERCs 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 ERCs from the District Bank which are to be allocated for each category:

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

(v) For use by essential public service projects, provided the applicant demonstrates to the satisfaction of the Air Pollution Control Officer, that the applicant is unable to create or acquire some or all of the required emission offsets, despite all reasonable efforts, and that the cost of some or all of the required offsets, in dollars per pound of emission reduction credit, exceeds five times the cost of control measures required to meet stationary source emission standards contained in these rules and regulations, or

(vi) For use for air contaminant emission control projects as provided for in Subsection (d)(5)(v) of this rule, and

(vii) For any other purpose approved by the Air Pollution Control Board and in conformity with state and federal laws and requirements.

(7) EXEMPTION FROM LAER

Any stationary source which provides VOC or NOx emission reductions from within the stationary source at a ratio of at least 1.3 to 1.0 for any increase of VOC or NOx subject to the LAER provisions of Subsection (d)(1)(v), shall be exempt from the requirements of this rule for LAER and from further emission offsets for such increases. In addition, any modification of an existing stationary source which results in an emission increase of VOC or NOx 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 VOC or NOx. This provision shall apply on a pollutant specific basis.

(8) DETERMINING APPLICABILITY OF LAER AND FEDERAL OFFSET PROVISIONS

The determination that a project at an existing major stationary source is a major modification and is subject to the LAER and federal emission offsets provisions of this Subsection (d)(8) shall be based on the stationary source's contemporaneous emission increases. The determination that a project at a new stationary source is a new major source and is subject to the LAER and emission offset provisions of this Subsection (d)(8) shall be based on the post-project potential to emit of the project.

(i) Requirements

The applicant for a new, modified, relocated or replacement emission unit or project at a stationary source shall submit, with each application for such emission unit or project, sufficient information to determine the emission increases from such emission unit or project and the contemporaneous emission increases if the stationary source is an existing major stationary source. Each application shall be accompanied by a current

tabulation of contemporaneous emission increases if the stationary source is an existing major stationary source. For any major stationary source undergoing a major modification based on the stationary source's contemporaneous emission increase and for each emission unit or project which constitutes a new major stationary source, 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 project which results in an emissions increase occurring at a stationary source which increase constitutes a new major source or major modification, on a pollutant specific basis. This provision shall not relieve a source from also complying with the BACT provisions of Subsection (d)(1), as applicable.

(B) Emission Offsets

The NOx and VOC emission increases from a new, modified, relocated or replacement emission unit or project which increases constitute a new major source or major modification of a major stationary source shall be offset at a ratio of 1.2 to 1.0, on a pollutant specific basis. Interpollutant offsets may be used provided they meet the requirements of Subsection (d)(5)(vi).

~~The CO emission increase that results from a new, modified, relocated or replacement emission unit at a stationary source and which increase constitutes a new major stationary source or major modification for CO shall be offset at a ratio of 1.0 to 1.0. This requirement shall no longer apply to CO emission increases if the District is redesignated by the federal EPA as in attainment with respect to the national ambient air quality standard for CO.~~

When an emissions increase from a new or modified emission unit or project has been determined to be subject to, and approved as in compliance with, the BACT, LAER and/or federal emission offset requirements of Subsections (d)(7) and (d)(8) of this rule, the contemporaneous emissions increase for the subject air contaminant or precursor shall thereafter not include any residual emission increase from such new or modified emission unit or project, on a pollutant specific basis.

(e) **ADDITIONAL REQUIREMENTS**

(1) Compliance Certification

Prior to receiving an Authority to Construct or modified Permit to Operate 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)(8) 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.

DRAFT 1998 REVISIONS

RULE 20.4 NEW SOURCE REVIEW PORTABLE EMISSION UNITS

(ADOPTED AND EFFECTIVE 5/17/94)
(REV. ADOPTED AND EFFECTIVE 12/17/97 AND ?????)

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NOTE: The following listed sections and subsections will not be submitted to the federal Environmental Protection Agency (EPA) for inclusion in the San Diego State Implementation Plan (SIP):

Subsections (d)(1)(i), (d)(2)(iii) and (d)(5)(i).

Subsections (d)(2)(i), (d)(2)(ii), and (d)(2)(iv) will be submitted to EPA for inclusion in the SIP only with respect to national ambient air quality standards.

RULE 20.4. NEW SOURCE REVIEW - PORTABLE EMISSION UNITS
(Adopted & Effective: 5/17/94; Rev. Effective 12/17/97)

(a) **APPLICABILITY**

This rule applies to any new or modified portable emission unit.

(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.

Emission increases resulting from an air contaminant emission control project to reduce emissions from a portable emission unit shall be exempt from the emission offset requirements of Subsection (d)(5) of this rule to the extent that the project does not include an increase in the capacity of the emission unit being controlled. Emission increases that are associated with an increase in capacity of the emission unit being controlled shall be subject to the emission offset provisions of this rule, as applicable.

(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 May 17, 1994 and that the emission unit has not been modified since May 17, 1994 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~~ 50 tons per year of oxides of nitrogen (NO_x) and 50 tons per year of volatile organic compounds (VOC) ~~and less than 100 tons per year of carbon monoxide (CO)~~. Type I portable emission units may also operate at stationary sources which have an aggregate potential to emit greater than these levels if emission offsets at the ratios specified for Type ~~II~~ III portable emission units in ~~Table 20.4-2~~ Section (d)(5)(ii) are provided for the period of time the portable emission unit is located at such a stationary source. ~~The limitation on operating at stationary sources which have an aggregate potential to emit of less than 100 tons per year of CO shall no longer apply if the District is redesignated by the federal Environmental Protection Agency (EPA) as in attainment with respect to the national ambient air quality standard for 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. The limitation on operating at stationary sources which have an aggregate~~

potential to emit of less than 100 tons per year of CO shall no longer apply if the District is redesignated by the federal EPA as in attainment with respect to the national ambient air quality standard for CO: RESERVED

**TABLE 20.4-1
Federal Serious Ozone Nonattainment Classification**

<u>Air Contaminant:</u>	<u>Emission Rate (Ton/yr)</u>
Oxides of Nitrogen (NOx)	50
Volatile Organic Compounds (VOC)	50
Carbon Monoxide (CO)	100

(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 AND LAER FOR NEW OR MODIFIED PORTABLE EMISSION UNITS**

The Air Pollution Control Officer shall deny an Authority to Construct or modified Permit to Operate for any new or modified portable emission unit unless the applicant demonstrates that the following requirements will be satisfied:

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

Unless a new or modified portable emission unit is equipped to comply with Lowest Achievable Emission Rate (LAER) as provided in Subsection (d)(1)(ii), 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 10 pounds per day or more of particulate matter (PM₁₀), NO_x, VOC, or oxides of sulfur (SO_x) shall be equipped with Best Available Control Technology (BACT) for each such air contaminant.

(ii) **New or Modified Type III Portable Emission Units**

Any new or modified Type III portable emission unit which has any emissions increase of an air contaminant or its precursors for which the District is designated as non-attainment with respect to a national ambient air quality standard, shall be equipped to comply with LAER. This requirement shall not apply if the applicant demonstrates, to the satisfaction of the Air Pollution Control Officer, and agrees to federally enforceable permit conditions to ensure that the emissions increase from such unit will not constitute a new major source or a major modification at any stationary source which is major for a non-attainment air contaminant or precursor, or if the emissions increase is offset at a ratio of 1.3 to 1.0 by actual emission reductions at each major stationary source at which it the portable emission unit is located.

(iii) **New or Modified Portable Emission Units - PSD Stationary Sources**

Any new or modified portable emission unit which may be located at a Prevention of Significant Deterioration (PSD) stationary source, which emission unit has an

emission increase of one or more air contaminants which constitutes a new PSD stationary source (see Table 20.1-11) or PSD modification (see Tables 20.1-8 and 20.1-10) shall be equipped with 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 PM₁₀ 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 PM₁₀ 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 - 1, 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 or interfere with the attainment or maintenance of any state or national ambient air quality standard.

If a PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ which would be formed by precursor air contaminants prior to discharge to the atmosphere.

TABLE 20.4 - 2
AQIA Trigger Levels

<u>Air Contaminant</u>	<u>(lb/hr)</u>	<u>Emission Rate</u>	
		<u>(lb/day)</u>	<u>(tons/yr)</u>
Particulate Matter (PM ₁₀)	---	100	15
Oxides of Nitrogen (NO _x)	25	250	40
Oxides of Sulfur (SO _x)	25	250	40
Carbon Monoxide (CO)	100	550	100
Lead and Lead Compounds	---	3.2	0.6

(ii) **AQIA Not Required for NO_x 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 NO_x or 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 NO_x or VOC emissions from point sources on ozone ambient air quality standards and that such procedures are acceptable to the California Air Resources Board (ARB) and the federal EPA.

(iii) **AQIA Requirements for PM₁₀ Impacts May be Waived**

Notwithstanding the requirements of Subsection (d)(2)(i) above, the Air Pollution Control Officer may waive the AQIA requirements for PM₁₀ 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 µg/m³ (24-hour average basis) and 3 µg/m³ (annual geometric mean basis), all of the emission unit's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at a ratio of 1.5 to 1.

(B) If the project will result in a maximum PM₁₀ air quality impact equal to or greater than 5 µg/m³ but less than 10 µg/m³ (24-hour average basis) or equal to or greater than 3 µg/m³ but less than 6 µg/m³ (annual geometric mean basis):

(1) the emission unit must be equipped with BACT for PM₁₀ without consideration for cost-effectiveness,

(2) all of the emission unit's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at an overall ratio of 1.5 to 1,

(3) sufficient emission offsets must be provided within the emission unit's impact area to offset all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, 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 PM₁₀ ambient air quality impact minus 5 $\mu\text{g}/\text{m}^3$ (24-hour average basis) and 3 $\mu\text{g}/\text{m}^3$ (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 PM₁₀ air quality impact equal to or greater than 10 $\mu\text{g}/\text{m}^3$ (24-hour average basis) or equal to or greater than 6 $\mu\text{g}/\text{m}^3$ (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 or modified Permit to Operate 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 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) **ARB, SCAQMD and Imperial County APCD Notification**

The California ARB, the South Coast Air Quality Management District 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 or modified Permit to Operate for any portable emission unit subject to the AQIA or notification requirements of Subsections (d)(2) or (d)(3), nor for any project which results in an emissions increase of VOCs equal to or greater than 250 pounds per day or 40 tons per year, 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, 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**

(i) **Emission Offsets - Type I and Type II Portable Emission Units**

Emission offsets shall not be required for Type I portable emission units. ~~The Air Pollution Control Officer shall not issue an Authority to Construct or modified Permit to Operate for any Type II portable emission unit unless emission offsets are provided, on a pollutant specific basis, at a ratio of 1.0 to 1.0 for any emission increases of VOC and NOx from such new or modified unit. As provided for in Subsection (d)(5)(iv), interpollutant offsets may be used.~~

(ii) **Emission Offsets - Type III Portable Emission Units**

The Air Pollution Control Officer shall not issue an Authority to Construct or modified Permit to Operate for any Type III portable emission unit unless emission offsets are provided on a pollutant specific basis for any emission increases of air contaminants and their precursors for which the District is designated as non-attainment with respect to a national ambient air quality standard. Emission offsets shall be provided at a ratio of 1.2 to 1.0 for VOC and for NOx emission increases, ~~and at a ratio of 1.0 to 1.0 for CO emission increases.~~ As provided for in Subsection (d)(5)(iv), interpollutant offsets may be used. ~~The requirement for CO offsets shall no longer apply if the District is redesignated by the federal EPA as in attainment with respect to the national ambient air quality standard for CO.~~

~~(iii) **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 Type III portable emission unit will not cause or contribute to a violation, nor interfere with the attainment or maintenance, of the national ambient air quality standard for CO, emission offsets for CO shall not be required.~~

(iv) **Interpollutant Offset Ratios**

The Air Pollution Control Officer may allow the use of interpollutant emission offsets at the ratios specified in Table 20.4 - 3 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 20.4 - 3
Interpollutant Ratio

Emission Increase	Decrease	Interpollutant Ratio
Oxides of Nitrogen (NOx)	NOx	1.0
	VOC	2.0
Volatile Organic Compounds (VOC)	VOC	1.0
	NOx	1.0

(v) **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 50 tons per year, or over 50 tons per year or more of VOC or NOx, or over 100 tons per year of CO) for VOC; and NOx and CO, the sum of all portable emission units' 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 units' 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.

APPENDIX B

NOTICE OF PREPARATION (NOP) AND RESPONSES TO THE NOP



Air Pollution Control Board
Greg Cox District 1
Dianne Jacob District 2
Pam Slater District 3
Ron Roberts District 4
Bill Horn District 5

Air Pollution Control District
R. J. Sommerville Director

**NOTICE OF PREPARATION
OF A DRAFT ENVIRONMENTAL IMPACT REPORT
FOR THE REVISION OF NEW SOURCE REVIEW RULES 20.1, 20.2, 20.3, AND 20.4**

The San Diego County Air Pollution Control District (District), acting as Lead Agency, will prepare a draft Environmental Impact Statement (EIR) for the proposed revisions of District Rules 20.1, 20.2, 20.3 and 20.4. These are included in the group of Rules known as New Source Review Rules. Specifically, the rules are,

- Rule 20.1 - New Source Review - General Provisions
- Rule 20.2 - New Source Review - Non-Major Stationary Sources
- Rule 20.3 - New Source Review - Major Stationary Sources and PSD Stationary Sources
- Rule 20.4 - New Source Review - Portable Emission Units

The proposed revisions (Project) would delete the state emission reduction requirements (offsets) for new or modified stationary sources, and portable emission units that can be operated at stationary sources, with proposed increases in emissions of volatile organic compounds (VOC) or oxides of nitrogen (NOx) at sources with emissions equal to or greater than 15 tons per year (tpy). The offsets were required by the 1988 California Clean Air Act. Repeal of this requirement by the District is allowed by AB3319, which was passed in 1996. Federal offset requirements for new major VOC and NOx sources (50 tpy) and major modifications (25 tpy) will continue to apply.

Additionally, the project would allow offsets located offshore or in the South Coast Air Basin, as well as those in the San Diego Air Basin, to be used when offsets are required for permitting of a new or modified source.

The proposed revisions also include administrative and clerical changes which are appropriate to make at this time and would have no impact upon the environment.

An EIR is being prepared to assure adequate consideration of the potential impacts and to allow other agencies and the general public the opportunity to review the environmental impact analyses. The EIR will focus on the potential direct air quality impacts of the proposed revisions and potential cumulative air quality impacts when considering past, present and reasonably foreseeable District projects.

Pursuant to State Law, the District is soliciting comments regarding the scope and content of the EIR. Copies of the proposed revisions to the Rules are attached. Comments regarding the scope and content of the draft EIR are requested at the earliest possible date, but not later than 5:00 p.m., June 8, 1998. Please send your comments to Michael Lake at the address shown below. If you have any questions, please call Michael Lake at (619) 694-3313 or the undersigned at (619) 694-3303.

Richard J. Smith

RICHARD J. SMITH
Deputy Director

**AIR POLLUTION CONTROL DISTRICT
COUNTY OF SAN DIEGO**

1998 DRAFT REVISIONS

NEW SOURCE REVIEW RULES

**RULE 20.1
RULE 20.2
RULE 20.3
RULE 20.4
RULE 20.5
RULE 20.6
RULE 20.8**

RULE 20.1
NEW SOURCE REVIEW - GENERAL PROVISIONS
(ADOPTED AND EFFECTIVE 5/1/94)
(REV. ADOPTED AND EFFECTIVE 5/15/96)
(REV. ADOPTED AND EFFECTIVE 12/17/97)

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RULE 20.1. NEW SOURCE REVIEW - GENERAL PROVISIONS
(Adopted & Effective 5/17/94; Rev. Effective 12/17/97 and ?????)

(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, 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 and 20.4 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 (ARB) 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 (NO_x) emission increases from new, modified or replacement emission units subject to the requirements of Rule 69(d)(6) shall not be subject to the offset provisions of Subsection (d)(5) of Rule 20.2 or of Subsections (d)(5) and (d)(8) of Rule 20.3. Only those NO_x emission increases in compliance with Rule 69 and associated with generating capacity which the California Energy Commission or California Public Utilities Commission or their successor, as applicable, has determined a need for shall be eligible for this exemption.~~ **RESERVED**

(5) 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.

(6) 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, as applicable.

(7) 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 and which will not result in a modified emission unit, a modified stationary source or an actual emission reduction calculated pursuant to Rule 20.1(d)(4)(ii) shall be exempt from the Best Available Control Technology (BACT), Lowest Achievable Emission Rate (LAER), AQIA and Emission Offset provisions of Rules 20.1, 20.2, 20.3 and 20.4.

(c) **DEFINITIONS**

For purposes of Rules 20.1, 20.2, 20.3, 20.4 and 20.5, 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) of this rule.

(4) **"Air Contaminant Emission Control Project"** means any activity or project undertaken at an existing emission unit which, as its primary purpose, reduces emissions of air contaminants from such unit in order to comply with a District, ARB or federal Environmental Protection Agency (EPA) emission control requirement. Such activities or projects do not include the replacement of an existing emission unit with a newer or different unit, or the reconstruction of an existing emission unit, or a modification or replacement of an existing emission unit to the extent that such replacement, reconstruction, or modification results in an increase in capacity of the emissions unit, or any air contaminant emission control project for a new or modified emission unit which project is proposed to meet New Source Review Rules 20.1, 20.2, 20.3 and 20.4, or Banking Rules 26.0 through 26.10.

Air contaminant emission control projects include, but are not limited to, any of the following:

(i) The installation of conventional or advanced flue gas desulfurization, or sorbent injection for emissions of oxides of sulfur;

(ii) Electrostatic precipitators, baghouses, high efficiency multiclones, or scrubbers for emissions of particulate matter or other pollutants;

(iii) Flue gas recirculation, low-NO_x burners, selective non-catalytic reduction or selective catalytic reduction for emissions of oxides of nitrogen;

(iv) Regenerative thermal oxidizers, catalytic oxidizers, condensers, thermal incinerators, flares, absorption equipment or carbon adsorbers for volatile organic compounds or hazardous air pollutants;

(v) Activities or projects undertaken to accommodate switching to an inherently less polluting fuel, including but not limited to, natural gas firing, or the cofiring of natural gas and other inherently less polluting fuels, for the purpose of controlling emissions. The air contaminant emission control project shall include any activity that is necessary to accommodate switching to an inherently less polluting fuel; and

(vi) Activities or projects undertaken to replace or reduce the use and emissions of stratospheric ozone depleting compounds subject to regulation by the federal EPA.

(5) **"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 EPA may approve. An AQIA shall include an analysis of the impacts on State and National Ambient Air Quality Standards.

(6) **"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)

<u>Air Contaminant</u>	<u>Increment</u>
<u>Nitrogen Dioxide (NO₂)</u> Annual arithmetic mean	2.5 µg/m ³
<u>Sulfur Dioxide (SO₂)</u> Annual arithmetic mean 24-hr. maximum 3-hr. maximum	2.0 µg/m ³ 5.0 µg/m ³ 25.0 µg/m ³
<u>Particulate Matter (PM₁₀)</u> Annual arithmetic mean 24-hr. maximum	4.0 µg/m ³ 8.0 µg/m ³

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

<u>Air Contaminant</u>	<u>Increment</u>
<u>Nitrogen Dioxide (NO₂)</u> Annual arithmetic mean	25.0 µg/m ³
<u>Sulfur Dioxide (SO₂)</u> Annual arithmetic mean 24-hr. maximum 3-hr. maximum	20.0 µg/m ³ 91.0 µg/m ³ 512.0 µg/m ³
<u>Particulate Matter (PM₁₀)</u> Annual arithmetic mean 24-hr. maximum	17.0 µg/m ³ 30.0 µg/m ³

(7) **"Area Fugitive Emissions"** means fugitive emissions of particulate matter (PM₁₀) 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.

(8) **"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.

(9) **"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.

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

(11) **"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 class or category of 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 for such class or category of emission unit, 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 control equipment, process modifications, changes in raw material including alternate fuels, and substitution of equipment or processes with any 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 EPA 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 for such class or category of emission unit.

In determining BACT, the Air Pollution Control Officer may also consider lower-emitting alternatives to a proposed new emission unit or process.

(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)(11)(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 and if the project's emission increase is less than the major modification thresholds of Table 20.1-5.

(B) BACT applies to the emission unit's entire post-project 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.

(12) "Class I Area" means any area designated as Class I under Title I, Part C of the federal Clean Air Act. As of May 17, 1994, the Agua Tibia National Wilderness Area was the only area so designated within San Diego County. As of May 17, 1994, 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

<u>Class I Area</u>	<u>Approximate Location</u>
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

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

(14) "**Commenced Construction**" means that the owner or operator of a stationary source has an Authority to Construct or a Determination of Compliance issued pursuant to these rules and regulations and either has:

(i) Begun, or caused to begin, a continuous program of actual on-site construction of the source to be completed within a reasonable time, or

(ii) Entered into binding agreements or contractual obligations, which cannot be canceled or modified without substantial loss to the owner or operator, to undertake a program of actual construction of the source to be completed within a reasonable time.

(15) "**Construction**" means any physical change or change in the method of operation, including fabrication, erection, installation, demolition or modification of an emission unit, which would result in a change in actual emissions.

(16) "**Contemporaneous Emissions Increase**" means the sum of emission increases from new or modified emission units occurring at a stationary source within the calendar year in which the subject emission unit(s) is expected to commence operation and the preceding four calendar years, including all other emission units with complete applications under District review and which are expected to commence operation within such calendar years. 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.

When an emissions increase from a new or modified emission unit or project has been determined to be subject to, and approved as in compliance with, the LAER and/or federal emission offset requirements of Rule 20.3, the contemporaneous emissions increase for the subject air contaminant or precursor shall thereafter not include any residual emission increase from such new or modified emission unit or project.

(17) "**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.

(18) "**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 <u>Potential to Emit</u>	<u>BACT Cost Multiplier</u>
Potential < 15 tons/year	1.1
Potential ≥ 15 tons/year	1.5

(19) **"Emergency Equipment"** means an emission unit used exclusively to drive an electrical generator, an air compressor or a pump in emergency situations, except for operations up to 52 hours per calendar year for non-emergency purposes. Emission units used for supplying power for distribution to an electrical grid shall not be considered emergency equipment.

(20) **"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.

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

(22) **"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.

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

(24) **"Enforceable"** means capable of being enforced by the District, including through either the SIP or inclusion of conditions on an Authority to Construct, Permit to Operate, Determination of Compliance or Emission Reduction Credit (ERC) Certificate.

(25) **"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.

(26) **"Federally Enforceable"** means, for purposes of permitting new or modified sources, can be enforced by the federal EPA including through either the SIP or terms and conditions of an Authority to Construct or Permit to Operate as they apply to the following requirements:

(i) Any standard or other requirement provided for in the SIP, including any revisions approved or promulgated by the federal EPA through rulemaking under Title I of the federal Clean Air Act.

(ii) Any term or condition of an Authority to Construct issued pursuant to these rules and regulations which term or condition is imposed pursuant to 40 CFR Parts 60 or 61, 40 CFR Part 52.21 or 40 CFR Part 51, Subpart I.

(iii) Any standard or other requirement under Sections 111 or 112 of the federal Clean Air Act.

(iv) Any standard or other requirement of the Acid Rain Program under Title IV of the federal Clean Air Act or the regulations promulgated thereunder.

This does not preclude enforcement by the Air Pollution Control Officer. Authority to Construct or Permit to Operate terms and conditions imposed pursuant to these rules and regulations or state law and not for purposes of compliance with paragraphs (i) through (iv) above shall not be federally enforceable unless specifically requested by the owner or operator.

For purposes of creating, banking and/or using creditable emission reductions to meet federal offset requirements, federally enforceable means capable of being enforced by the federal EPA including through either the SIP, terms and conditions of a Permit to Operate or an Emission Reduction Credit (ERC) Certificate that are necessary to ensure compliance with Rules 26.0 et seq., and to ensure the validity of the emission reduction, or through terms and conditions of an Authority to Construct, Permit to Operate or Determination of Compliance as they apply to the creation of emission reductions eligible for banking under Rules 26.0 et seq.

(27) "**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.

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

(29) "**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.

(30) "**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.

(31) "**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.

(32) "**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 SIP approved by the federal EPA for such emission unit class or category, unless the applicant demonstrates to the satisfaction of the Air Pollution Control Officer that such emission limitation, device 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 subject to the LAER requirements of these rules, the entire emission unit's post-project potential to emit shall be subject to LAER.

(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).

(33) "**Major Modification**" means a physical or operational change which results, or may result, in a contemporaneous emissions increase at an existing major stationary source which source is major for the pollutant for which there is 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

<u>Air Contaminant:</u>	<u>Emission Rate</u> <u>(Ton/yr)</u>
Particulate Matter (PM ₁₀)	15
Oxides of Nitrogen (NO _x)	25
Volatile Organic Compounds (VOC)	25
Oxides of Sulfur (SO _x)	40
Carbon Monoxide (CO)	100
Lead (Pb)	0.6

(34) "**Major Source Baseline Date**" means January 6, 1975 for sulfur dioxide (SO₂) and particulate matter (PM₁₀), and February 8, 1988 for nitrogen dioxide (NO₂).

(35) "**Major Stationary Source**" means any emission unit or stationary source which has, or will have after issuance of a permit, an aggregate potential to emit one or more air contaminants, including fugitive emissions, in amounts equal to or greater than any of the emission rates listed in Table 20.1 - 6.

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

<u>Air Contaminant:</u>	<u>Emission Rate (Ton/yr)</u>
Particulate Matter (PM ₁₀)	100
Oxides of Nitrogen (NO _x)	50
Volatile Organic Compounds (VOC)	50
Oxides of Sulfur (SO _x)	100
Carbon Monoxide (CO)	100
Lead (Pb)	100

(36) **"Military Tactical Support Equipment"** means any equipment owned by the U.S Department of Defense or the National Guard and used in combat, combat support, combat service support, tactical or relief operations, or training for such operations.

(37) **"Modeling"** means the use of an applicable ARB or federal EPA 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.

(38) **"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.

(39) **"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.

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

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 $\mu\text{g}/\text{m}^3$)	Same as Primary	Ethylene Chemiluminescence
Carbon Monoxide	8 Hour	9.0 ppm (10 mg/m^3)	Non-Dispersive Infrared Spectrascopy (NDIR)	9 ppm (10 mg/m^3)	-	Non-Dispersive Infrared Spectrascopy (NDIR)
	1 Hour	20 ppm (23 mg/m^3)		35 ppm (40 mg/m^3)		
Nitrogen Dioxide	Annual Average	-	Gas Phase Chemiluminescence	0.053 ppm (100 $\mu\text{g}/\text{m}^3$)	Same as Primary Standards	Gas Phase Chemiluminescence
	1 Hour	0.25 ppm (470 $\mu\text{g}/\text{m}^3$)		-		
Sulfur Dioxide	Annual Average	-	Ultraviolet Fluorescence	80 $\mu\text{g}/\text{m}^3$ (0.03 ppm)	-	Pararosaniline
	24 Hour	0.04 ppm (105 $\mu\text{g}/\text{m}^3$)		365 $\mu\text{g}/\text{m}^3$ (0.14 ppm)	-	
	3 Hour	-		-	1300 $\mu\text{g}/\text{m}^3$ (0.5 ppm)	
	1 Hour	0.25 ppm (655 $\mu\text{g}/\text{m}^3$)		-	-	
Suspended Particulate Matter (PM10)	Annual Mean	30 $\mu\text{g}/\text{m}^3$	Size Selective Inlet High Volume Sampler	50 $\mu\text{g}/\text{m}^3$	-	High Volume Sampling
	24 Hour	50 $\mu\text{g}/\text{m}^3$		150 $\mu\text{g}/\text{m}^3$	-	
Sulfates	24 Hour	25 $\mu\text{g}/\text{m}^3$	Turbidimetric Barium Sulfate	-	-	-
Lead	30-Day Average	1.5 $\mu\text{g}/\text{m}^3$	Atomic Absorption	-	Same as Primary	Atomic Absorption
	Calendar Quarter	-		1.5 $\mu\text{g}/\text{m}^3$		
Hydrogen Sulfide	1 Hour	0.03 ppm (42 $\mu\text{g}/\text{m}^3$)	Cadmium Hydroxide Stractan	-	-	-
Vinyl Chloride (Chloroethene)	24 Hour	0.010 ppm (26 $\mu\text{g}/\text{m}^3$)	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

- California standards, other than ozone, carbon monoxide, sulfur dioxide (1 hour), nitrogen dioxide, and particulate matter (PM10), are values that are not to be equalled or exceeded. The ozone, carbon monoxide, sulfur dioxide (1 hour), nitrogen dioxide, and particulate matter (PM10) standards are not to be exceeded.
- 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.
- 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.
- 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.
- 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).
- 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.
- 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.
- 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.
- The annual PM10 state standard is based on the geometric mean of all reported values taken during the year. The annual PM10 national standard is based on averaging the quarterly arithmetic means.

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

(i) Any emission unit not constructed or installed in San Diego County as of December 17, 1997.

(ii) Any emission unit which was constructed, installed or operated without a valid Authority to Construct or Permit to Operate from the District, except as provided for in Subsection (b)(1).

(iii) 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.

(42) **"New Major Stationary Source"** means a new emission unit or new stationary source which will be a major stationary source.

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

(44) **"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 - 8
Non-Criteria Pollutant Emissions Significance Levels

<u>Air contaminant:</u>	<u>Emission Rate</u> <u>(Ton/yr)</u>
Asbestos	0.007
Beryllium	0.0004
Fluorides	3
Hydrogen Sulfide (H ₂ S)	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

(45) **"Non-Major Source Baseline Date"** means December 8, 1983, for sulfur dioxide (SO₂). For particulate matter (PM₁₀) and nitrogen dioxide (NO₂), 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 PM₁₀ or NO_x or which is a PSD Major Modification for PM₁₀ or NO_x as applicable, is deemed complete. As of May 17, 1994, neither the particulate matter nor the nitrogen dioxide non-major source baseline date have been established.

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

(47) **"Particulate Matter or Particulate Matter (PM10)"** means particulate matter with an aerodynamic diameter less than or equal to a nominal 10 microns. For non-fugitive emissions, any applicable test method approved by the federal EPA, the state ARB and the Air Pollution Control Officer shall be used to measure PM10. The Air Pollution Control Officer may require the use of an applicable test method prior to final approval by EPA and ARB if the Officer determines that the method is consistent with these rules, or results in an improved measure of PM10 emissions, and has received written initial concurrence from ARB and EPA for use of the method.

(48) **"Permanent"** means enforceable and which will exist for an unlimited period of time. For purposes of meeting the emission offset requirements of Rules 20.3 and 20.4, permanent means also federally enforceable.

(49) **"Portable Emission Unit"** means an emission unit that is designed to be and capable of being carried or moved from one location to another. Indicia of portability include, but are not limited to, wheels, skids, carrying handles, dolly, trailer or platform. For the purposes of this regulation, dredge engines on a boat or barge are considered portable. An emission unit is not portable if any of the following apply:

(i) The unit, or its replacement, is attached to a foundation or, if not so attached, will reside at the same location for more than 12 consecutive months. Any portable emission unit such as a backup or standby unit that replaces a portable emission unit at a location and is intended to perform the same function as the unit being replaced will be included in calculating the consecutive time period. In that case, the cumulative time of all units, including the time between the removal of the original unit(s) and installation of the replacement unit(s), will be counted toward the consecutive time period; or

(ii) The emission unit remains or will reside at a location for less than 12 consecutive months if the unit is located at a seasonal source and operates during the full annual operating period of the seasonal source. A seasonal source is a stationary source that remains in a single location on a permanent basis (i.e., at least two years) and operates at that single location at least three months each year; or

(iii) The emission unit is moved from one location to another in an attempt to circumvent the portable emission unit residence time requirements.

Days when portable emission units are stored in a designated holding or storage area shall not be counted towards the above time limits, 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.

Emission units which exceed the above time limits 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, and 20.3.

(50) **"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).

(51) **"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).

(52) **"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

<u>Precursor Air Contaminant</u>	<u>Secondary Air Contaminant</u>
NOx	NO ₂ PM ₁₀ Ozone
VOC	PM ₁₀ Ozone
SOx	SO ₂ PM ₁₀

(53) **"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).

(54) **"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).

(55) **"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.

(56) **"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.

(57) **"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 or any non-criteria pollutant emissions significance level.

TABLE 20.1 - 10
PSD Modification

<u>Air contaminant:</u>	<u>Emission Rate</u> <u>(Ton/yr)</u>
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

(58) **"~~Prevention of Significant Deterioration (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 | 17. Phosphate rock processing plants |
| 6. Chemical process plants | 18. Petroleum refineries |
| 7. Coal cleaning plants with thermal dryers | 19. Primary aluminum ore reduction plants |
| 8. Coke oven batteries | 20. Primary copper smelters |
| 9. Fuel conversion plants | 21. Primary lead smelters |
| 10. Furnace process carbon black plants | 22. Primary zinc smelters |
| 11. Glass fiber processing plants | 23. Portland cement plants |
| 12. Hydrofluoric acid plants | 24. Secondary metal production plants |
| 13. Iron and steel mill plants | 25. Sintering plants |
| 14. Kraft pulp mills | 26. Sulfuric acid plants |
| 15. Lime plants | 27. Sulfur recovery plants |
| 16. Nitric acid plants | 28. Taconite ore processing plants |

The following emission rates:

<u>Air Contaminant</u>	<u>(Ton/yr)</u>
Particulate Matter (PM ₁₀)	100
Oxides of Nitrogen (NO _x)	100
Volatile Organic Compounds (VOC)	100
Oxides of Sulfur (SO _x)	100
Carbon Monoxide (CO)	100

For all other stationary sources:

<u>Air Contaminant</u>	<u>(Ton/yr)</u>
Particulate Matter (PM ₁₀)	250
Oxides of Nitrogen (NO _x)	250
Volatile Organic Compounds (VOC)	250
Oxides of Sulfur (SO _x)	250
Carbon Monoxide (CO)	250

(59) "**Quantifiable**" means that a reliable basis to estimate emission reductions in terms of both their amount and characteristics can be established, as determined by the Air Pollution Control Officer. Quantification may be based upon emission factors, stack tests, monitored values, operating rates and averaging times, process or production inputs, mass balances or other reasonable measurement or estimating practices.

(60) "**Real**" means actually occurring and which will not be replaced, displaced or transferred to another emission unit at the same or other stationary source within San Diego County, as determined by the Air Pollution Control Officer.

(61) "**Reasonably Available Control Technology**" or "**RACT**" means the lowest emission limit that a particular source is capable of meeting by the application of control technology that is reasonably available, as determined by the Air Pollution Control Officer pursuant to the federal Clean Air Act, considering technological and economic feasibility.

(62) "**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.

(63) "**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.

(64) "**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.

(65) "**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:

(66) "**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 ARB (see Table 20.1 - 7).

TABLE 20.1 - 12
Stationary Sources Impacting Any Class I Area

<u>Air Contaminant</u>	<u>Significant Impact (24-hour Maximum)</u>
Particulate Matter (PM ₁₀)	1.0 µg/m ³
Nitrogen Dioxide (NO ₂)	1.0 µg/m ³
Sulfur Dioxide (SO ₂)	1.0 µg/m ³
Carbon Monoxide (CO)	1.0 µg/m ³

TABLE 20.1 - 13
Stationary Sources Impacting Any Class II Area

<u>Air Contaminant</u>	<u>Significant Impact</u>
<u>Particulate Matter (PM₁₀)</u>	
Annual arithmetic mean	1.0 µg/m ³
24-hr. maximum	5.0 µg/m ³
<u>Nitrogen Dioxide (NO₂)</u>	
Annual arithmetic mean	1.0 µg/m ³
<u>Sulfur Dioxide (SO₂)</u>	
Annual arithmetic mean	1.0 µg/m ³
24-hr. maximum	5.0 µg/m ³
<u>Carbon Monoxide (CO)</u>	
8-hr. maximum	500.0 µg/m ³
1-hr. maximum	2000.0 µg/m ³

(67) **"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.

(68) **"Surplus"** means the same as defined in Rule 26.0.

(69) **"Temporary"** means enforceable, existing and valid for a specified, limited period of time. For purposes of meeting the federal emission offset requirements of Rules 20.3 and 20.4, temporary means also federally enforceable.

(70) **"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 the same as defined in Rule 2.

(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. 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).

If an Authority to Construct has previously been issued for an emission unit pursuant to New Source Review rules approved by EPA into the SIP for the District, and the previous emission increases that resulted from that emission unit were offset in accordance with the approved New Source Review rules in effect at that time, 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, and of emission units that are registered under District Rules 12 or 12.1 or an ARB registration program, shall not be included in the aggregate potential to emit of a stationary source except that emissions of any federal criteria air contaminant or precursor from an emission unit shall be included if the actual emission of any such air contaminant or precursor from the unit, without consideration of any add-on emission control devices, equals or exceeds 5 pounds per day or 25 pounds per week.

The applicant and the Air Pollution Control Officer may agree to place all permit-exempt and registered emission units which would be classified under the same class or category of source under permit for purposes of creating emission reduction credits (ERCs). In such case, the potential to emit of such emission units shall be included in the stationary source's aggregate potential to emit.

(B) **Emergency Equipment**

The potential to emit from the operation of emergency equipment during emergency situations shall not be included in the calculation of a stationary source's aggregate potential to emit. The potential to emit from operation of emergency equipment during non-emergency situations shall only be included in the calculation of a stationary source's aggregate potential to emit if the actual emissions of any federal criteria air contaminant or precursor from the unit, without consideration of any add-on emission control devices, equals or exceeds 5 pounds per day or 25 pounds per week.

(C) **Portable Emission Units**

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

(D) **Military Tactical Support Equipment Engines**

Emissions from portable engines, including gas turbines, used exclusively in conjunction with portable military tactical support equipment 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 the average of 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 average of 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.

(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 or 20.3, area fugitive emissions of particulate matter (PM₁₀) 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 PM₁₀ 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.

(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) that occurred during 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. This provision shall not apply to emission reductions from an emission unit which is exempt from permit requirements pursuant to Rule 11. However, at the time of use the emission reduction credits (ERCs) created from

actual emission reductions from such an exempt emission unit shall be discounted by the emission reductions which would have occurred had RACT, determined by the Air Pollution Control Officer to meet the requirements of the federal Clean Air Act, been applied. A condition shall be included in the Emission Reduction Credit (ERC) Certificate for such an exempt emission unit requiring such discounting to occur at the time of use of the emission reduction credit.

(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 and 20.4.

(i) Emission offsets shall consist of actual emission reductions calculated in accordance with Subsection (d)(4)(ii) or shall be Class 'A' ERCs pursuant to Rules 26.0 through 26.10 or a mobile source ERC issued pursuant to Rule 27. In order to be considered an emission offset, actual emission reductions or ERCs 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 through 26.10 or Rule 27, 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 ERCs.

(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, unless the Air Pollution Control Officer determines that methods exist for determining what air quality benefit in San Diego County is provided by emission reductions that occur off the coast of San Diego County or in the South Coast Air Quality Management District and to what extent that air quality benefit may be used to offset emission increases from projects in San Diego County. Such methods shall be approvable by the U.S. EPA.

(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 December 17, 1997 shall remain valid and enforceable for the life of the Authority to Construct or Permit to Operate, unless specifically modified by the District.

DRAFT 1998 REVISIONS

RULE 20.2 NEW SOURCE REVIEW NON - MAJOR STATIONARY SOURCES (ADOPTED AND EFFECTIVE 5/17/94) (REV. ADOPTED AND EFFECTIVE 12/17/97)

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NOTE: The following listed sections and subsections will not be submitted to the federal Environmental Protection Agency (EPA) for inclusion in the San Diego State Implementation Plan (SIP):

Section (b), Subsections (d)(1), (d)(2)(v), ~~(d)(5) and (d)(6)~~.

Subsections (d)(2)(i), (d)(2)(ii), (d)(2)(iii), (d)(2)(iv) and (d)(2)(vi) will be submitted to EPA for inclusion in the SIP only with respect to national ambient air quality standards.

RULE 20.2. NEW SOURCE REVIEW - NON-MAJOR STATIONARY SOURCES (Adopted & Effective: 5/17/94; Rev. Effective 12/17/97 and ??????)

(a) APPLICABILITY

This rule applies to any new or modified stationary source, to any new, ~~or modified or replacement~~ 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.

~~(3) Emission increases resulting from an air contaminant emission control project shall be exempt from the emission offset requirements of Subsections (d)(5) and (d)(6) of this rule to the extent that the project does not include an increase in the capacity of the emission unit being controlled. Emission increases that are associated with an increase in capacity of the emission unit being controlled shall be subject to the emission offset provisions of this rule, as applicable.~~

(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 or modified Permit to Operate 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 particulate matter (PM₁₀), oxides of nitrogen (NO_x), volatile organic compounds (VOC) or oxides of sulfur (SO_x) and which unit has a post-project potential to emit of 10 pounds per day or more of PM₁₀, NO_x, VOC, or SO_x 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 PM₁₀, NO_x, VOC or SO_x 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 PM₁₀, NO_x, VOC or SO_x 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 PM₁₀, NO_x, VOC or SO_x and which unit has a post-project potential to emit of 10 pounds per day or more of PM₁₀, NO_x, VOC or SO_x shall be equipped with BACT for each such air contaminant. BACT shall apply based on the unit's non-emergency operation 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 or modified Permit to Operate for any emission unit subject to this rule unless the following requirements are satisfied. Area fugitive emissions of PM₁₀ 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 PM₁₀ 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 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 or interfere with the attainment or maintenance of any state or national ambient air quality standard.

If a PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ which would be formed by precursor air contaminants prior to discharge to the atmosphere.

TABLE 20.2 - 1
AQIA Trigger Levels

<u>Air Contaminant</u>	<u>(lb/hr)</u>	<u>Emission Rate</u>	
		<u>(lb/day)</u>	<u>(tons/yr)</u>
Particulate Matter (PM ₁₀)	---	100	15
Oxides of Nitrogen (NO _x)	25	250	40
Oxides of Sulfur (SO _x)	25	250	40
Carbon Monoxide (CO)	100	550	100
Lead and Lead Compounds	---	3.2	0.6

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

If a PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ 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 or 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 PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ which would be formed by precursor air contaminants prior to discharge to the atmosphere.

(iv) **AQIA Not Required for NO_x 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 NO_x or 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 NO_x or VOC emissions from point sources on ozone ambient air quality standards and that such procedures are acceptable to the California Air Resources Board (ARB) or the federal Environmental Protection Agency (EPA).

(v) **AQIA Requirements for PM₁₀ 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 PM₁₀ impacts on the state ambient air quality standards, as follows:

(A) If the project will result in a maximum PM₁₀ air quality impact of less than 5 µg/m³ (24-hour average basis) and 3 µg/m³ (annual geometric mean basis), all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at a ratio of 1.5 to 1.

(B) If the project will result in a maximum PM₁₀ air quality impact equal to or greater than 5 µg/m³ but less than 10 µg/m³ (24-hour average basis) or equal to or greater than 3 µg/m³ but less than 6 µg/m³ (annual geometric mean basis):

(1) the project must be equipped with BACT for PM₁₀ emissions without consideration for cost-effectiveness,

(2) all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at an overall ratio of 1.5 to 1,

(3) sufficient emission offsets must be provided within the project's impact area to offset all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, 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 PM₁₀ ambient air quality impact minus 5 µg/m³ (24-hour average basis) and 3 µg/m³ (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 PM₁₀ air quality impact equal to or greater than 10 µg/m³ (24-hour average basis) or equal to or greater than 6 µg/m³ (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 or modified Permit to Operate 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 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) **ARB, SCAQMD and Imperial County APCD Notification**

Notify and submit to the California ARB, the South Coast Air Quality Management District 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 or modified Permit to Operate for any project subject to the AQIA or notification requirements of Subsection (d)(2) or (d)(3), nor for any project which results in an emissions increase of VOCs equal to or greater than 250 pounds per day or 40 tons per year, 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, 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**

~~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)(v).~~

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

~~— (A) —~~ **Offset Requirements for VOC Emission Increases**

~~The VOC emission increase from a new or modified emission unit located at a stationary source with a VOC 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.~~

~~— (B) —~~ **Offset Requirements for NO_x Emission Increases**

~~The NO_x emission increase from a new or modified emission unit located at a stationary source with an NO_x 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.~~

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

Stationary Source's		Offset Ratio	
Post Project Aggregate			
VOC or NO _x			
<u>Potential to Emit</u>		<u>NO_x</u>	<u>VOC</u>
Potential < 15 tons/year		None	None

Potential \leq 15 tons/year	1 : 1	1 : 1
Potential \geq 50 tons/year	Rule 20.3 applies	

~~(ii) **Offset Requirements - Relocated and Replacement Emission Units**~~

For each pollutant for which a stationary source has a post project aggregate potential to emit equal to or greater than 15 tons per year, the VOC and NO_x emission increase from a relocated or replacement emission unit shall be offset as specified in Subsection (d)(5)(i).

~~(iii) **Offset Requirements - Essential Public Services**~~

~~(A) — If emission offsets are required pursuant to Subsections (d)(5)(i) or (ii) 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) or (ii) 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)(iii), 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 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, or~~

~~(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.~~

~~(iv) **Offset Requirements - Air Contaminant Emission Control Projects Installed Pursuant to District Rules and Regulations**~~

~~If emission offsets are required for emission increases from an emission unit resulting from the installation of an air contaminant emission control project to comply~~

with a requirement of these rules and regulations, but not including Rules 20.1, 20.2, 20.3, 20.4 or 20.5, Rules 26.0 through Rule 26.10, inclusive, or Rule 1200, the Air Pollution Control Officer may elect to provide a portion or all of the emission offsets through the District 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 (ERCs) from the District Bank, the Air Pollution Control Officer must determine that the following are satisfied:

— (A) — the air contaminant emission control project satisfies the applicable requirements of these rules and regulations, and

— (B) — the amount of the ERCs to be obtained from the District Bank do not exceed 10 tons per year on a pollutant specific basis.

— (v) — **Interpollutant Offset Ratios**

The Air Pollution Control Officer may allow the use of interpollutant emission offsets at the ratios specified in Table 20.2-3 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 20.2-3
Interpollutant Offset Ratio

Emission Increase	Emission Decrease	Interpollutant Ratio
Oxides of Nitrogen (NO _x)	NO _x	1.0
	VOC	2.0
Volatile Organic Compounds (VOC)	VOC	1.0
	NO _x	1.0

— (6) — **EMISSION OFFSET REQUIREMENTS: USE OF DISTRICT BANK EMISSION REDUCTION CREDITS (ERCs)**

The Air Pollution Control Officer may elect to provide emission offsets from a District developed and maintained District Bank provided that the following are satisfied:

— (i) — The District Bank has been established consistent with the provisions of Rule 26.0 et. seq.,

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

— (iii) — Only banked ERCs in excess of those necessary to demonstrate compliance with the no net increase permit program provisions of the California Clean Air Act are utilized.

~~— The use of District Bank ERCs 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 ERCs from the District Bank which are to be allocated for each category:~~

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

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

~~— (vi) For use for air contaminant emission control projects as provided for in Subsection (d)(5)(iv) of this rule,~~

~~— (vii) For use for air contaminant emission control projects as provided for in Subsection (d)(5) of Rule 20.3, and~~

~~— (viii) For any other purpose approved by the Air Pollution Control Board and in conformity with state and federal laws and requirements.~~

DRAFT 1998 REVISIONS

RULE 20.3 NEW SOURCE REVIEW MAJOR STATIONARY SOURCES AND PSD STATIONARY SOURCES

(ADOPTED AND EFFECTIVE 5/17/94)
(REV. ADOPTED AND EFFECTIVE 12/17/97 AND ????)

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NOTE: The following listed sections and subsections will not be submitted to the federal Environmental Protection Agency (EPA) for inclusion in the San Diego State Implementation Plan (SIP):

Subsections (b)(2), (b)(3), (d)(1)(i), (d)(1)(ii), (d)(1)(iii), (d)(2)(v), (d)(5)(i), (d)(5)(ii) and (d)(5)(iv).

Subsections (d)(2)(i) through (d)(2)(iv), and (d)(2)(vi) will be submitted to EPA for inclusion in the SIP only with respect to national ambient air quality standards.

RULE 20.3. NEW SOURCE REVIEW - MAJOR STATIONARY SOURCES AND PREVENTION OF SIGNIFICANT DETERIORATION (PSD) STATIONARY SOURCES
(Adopted & Effective: 5/17/94; Rev. Effective 12/17/97 and ?????)

(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) 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.

(3) Emission increases resulting from an air contaminant emission control project shall be exempt from the emission offset requirements of Subsection (d)(5), (d)(6), (d)(7) and (d)(8) of this rule to the extent that the project does not include an increase in the capacity of the emission unit being controlled. Emission increases that are associated with an increase in capacity of the emission unit being controlled shall be subject to the emission offset provisions of this rule, as applicable.

(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 or modified Permit to Operate 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 - BACT**

Except as provided in Subsection (d)(1)(v), any new or modified emission unit which has any increase in its potential to emit particulate matter (PM₁₀), oxides of nitrogen (NO_x), volatile organic compounds (VOC), or oxides of sulfur (SO_x) and which unit has a post-project potential to emit 10 pounds per day or more of PM₁₀, NO_x, VOC or SO_x shall be equipped with BACT for each such air contaminant.

(ii) **Relocated Emission Units**

Except as provided in Subsection (d)(1)(v), and except as provided 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 PM₁₀, NO_x, VOC or SO_x shall be equipped with BACT for each such air contaminant.

(iii) **Replacement Emission Units**

Except as provided in Subsection (d)(1)(v), any replacement emission unit with a post-project potential to emit of 10 pounds per day or more of PM₁₀, NO_x, VOC or SO_x 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 PM₁₀, NO_x, VOC or SO_x shall be equipped with BACT for each such air contaminant. BACT shall apply based on the unit's non-emergency operation emissions and excluding the unit's emissions while operating during emergency situations.

(v) **Lowest Achievable Emission Rate (LAER)**

Except as provided for in Subsections (d)(1)(iv) and (d)(7), LAER shall be required for each new, modified, relocated or replacement emission unit which results in an emissions increase which constitutes a new major source or major modification. LAER shall be required only 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.

(vi) **New or Modified Emission Units - PSD Stationary Sources**

Any new or modified emission unit at a PSD stationary source, which emission unit has an emission increase of one or more air contaminants which constitutes a new PSD stationary source (see Table 20.1-11) or PSD modification (see Tables 20.1-8 and 20.1-10), shall be equipped with 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 emission unit subject to this rule unless the following requirements are satisfied. Area fugitive emissions of PM₁₀ 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 PM₁₀ 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 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 or interfere with the attainment or maintenance of any state or national ambient air quality standard.

If a PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ which would be formed by precursor air contaminants prior to discharge to the atmosphere.

TABLE 20.3 - 1
AQIA Trigger Levels

<u>Air Contaminant</u>	<u>(lb/hr)</u>	<u>Emission Rate</u>	
		<u>(lb/day)</u>	<u>(tons/yr)</u>
Particulate Matter (PM ₁₀)	---	100	15
Oxides of Nitrogen (NO _x)	25	250	40
Oxides of Sulfur (SO _x)	25	250	40
Carbon Monoxide (CO)	100	550	100
Lead and Lead Compounds	---	3.2	0.6

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

If a PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ 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 or 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 PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ which would be formed by precursor air contaminants prior to discharge to the atmosphere.

(iv) **AQIA Not Required for NO_x 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 NO_x or

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 NO_x or VOC emissions from point sources on ozone ambient air quality standards and that such procedures are acceptable to the California Air Resources Board (ARB) or the federal Environmental Protection Agency (EPA).

(v) **AQIA Requirements for PM₁₀ 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 PM₁₀ impacts on the state ambient air quality standards, as follows:

(A) If the project will result in a maximum PM₁₀ air quality impact of less than 5 µg/m³ (24-hour average basis) and 3 µg/m³ (annual geometric mean basis), all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at a ratio of 1.5 to 1.

(B) If the project will result in a maximum PM₁₀ air quality impact equal to or greater than 5 µg/m³ but less than 10 µg/m³ (24-hour average basis) or equal to or greater than 3 µg/m³ but less than 6 µg/m³ (annual geometric mean basis):

(1) the project must be equipped with BACT for PM₁₀ emissions without consideration for cost-effectiveness,

(2) all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at an overall ratio of 1.5 to 1,

(3) sufficient emission offsets must be provided within the project's impact area to offset all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, 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 PM₁₀ ambient air quality impact minus 5 µg/m³ (24-hour average basis) and 3 µg/m³ (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 PM₁₀ air quality impact equal to or greater than 10 µg/m³ (24-hour average basis) or equal to or greater than 6 µg/m³ (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 or modified Permit to Operate 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 with respect to a 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 AQLA 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 pollutant emissions significance level (see Table 20.1-8) 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 EPA 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 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 ARB, the South Coast Air Quality Management District 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 SO_x, NO_x, or PM₁₀ 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 EPA.

(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 Good Engineering Practice (GEP) requirements contained in the 1993 version of 40 CFR 51.100(ii). The Air Pollution Control Officer may specify compliance with a more recent version of the GEP requirements upon finding that such

specification will not significantly change the effect of this paragraph and is necessary to carry out federal PSD requirements.

(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. Such shorter period shall not be less than four consecutive months. 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 or modified Permit to Operate issued to a PSD stationary source subject to the provisions of Subsection (d)(3) of this rule, shall become invalid if construction or modification is not commenced within 18 months after its issuance or if construction or modification 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 or modified Permit to Operate for any project subject to the AQIA or notification requirements of Subsections (d)(2) or (d)(3) above, nor for any project which results in an emissions increase of VOC equal to or greater than 250 pounds per day or 40 tons per year, nor for any project that would otherwise constitute a new major source or a major modification, 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 ARB and federal EPA 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, 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 or modified Permit to Operate for any project subject to this rule unless emission offsets are provided, on a pollutant specific basis, for any emission increases of non-attainment air contaminants and their precursors. ~~Emission offsets shall be provided for emission increases from projects 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 and in Subsections (d)(6), (d)(7) and (d)(8) of this rule. Interpollutant offsets may be used, provided such offsets meet the requirements of Subsection (d)(5)(vi). Interbasin offsets may be used provided they meet the requirements of Rule 20.1(d)(5)(v).~~

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

~~(A) Offset Requirements for VOC Emission Increases~~

~~The VOC emission increase from a new or modified emission unit located at a stationary source with a VOC 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.~~

~~(B) Offset Requirements for NO_x Emission Increases~~

The NO_x emission increase from a new or modified emission unit located at a stationary source with a NO_x 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.

TABLE 20.3-2
VOC and NO_x Offset Ratios
Federal Serious Ozone Non-Attainment Classification

Stationary Source's Post Project Aggregate VOC or NO _x Potential to Emit	Offset Ratio	
	NO _x	VOC
Potential < 15 tons/year	None	None
Potential > 15 tons/year	1 : 1	1 : 1
Potential ≥ 50 tons/year	1.2:1.0	1.2:1.0

The federal offset ratios of 1.2 to 1.0 specified in this Table shall only apply if the new or modified emission unit or project constitutes a new major source or major modification.

(ii) Reserved

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

(A) Offset Requirements for CO Emission Increases

Except as provided in Subsection (d)(5)(iii)(B) below, the carbon monoxide (CO) emission increase from a new or modified emission unit located at a stationary source, and which increase constitutes a new major stationary source or major modification for CO, shall be offset at a 1.0 to 1.0 offset ratio. This requirement shall no longer apply if the District is redesignated by the federal EPA as in attainment with respect to the national ambient air quality standard for CO.

(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 AQLA, 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 CO, emission offsets for CO shall not be required.

(iv) Offset Requirements - Relocated and Replacement Emission Units

The VOC and NO_x emission increases that result from a relocated or replacement emission unit at a stationary source which, on a pollutant specific basis, has a post-project potential to emit equal to or greater than 15 tons per year, shall be offset as specified in Subsection (d)(5)(i). **RESERVED**

(v) **Offset Requirements - Air Contaminant Emission Control Projects Installed Pursuant to District Rules and Regulations**

If emission offsets are required for emission increases from an emission unit resulting from the installation of an air contaminant emission control project to comply with a requirement of these rules and regulations, but not including Rules 20.1, 20.2, 20.3, 20.4, or 20.5, Rules 26.0 through Rule 26.10, inclusive, or Rule 1200, the Air Pollution Control Officer may elect to provide a portion or all of the emission offsets through the District 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 (ERCs) from the District Bank, the Air Pollution Control Officer must determine that the following are satisfied:

(A) the air contaminant emission control project satisfies the applicable requirements of these rules and regulations, and

(B) the amount of the ERCs to be obtained from the District Bank do not exceed 10 tons per year on a pollutant specific basis.

(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 - 2 to satisfy the offset requirements of Subsections (d)(5), (d)(6), (d)(7) and (d)(8) of this rule, 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 this rule to determine the final offset ratio.

TABLE 20.3 - 3
Interpollutant Ratio

Emission Increase	Decrease	Interpollutant Ratio
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 DISTRICT BANK EMISSION REDUCTION CREDITS (ERCs)**

The Air Pollution Control Officer may elect to provide emission offsets from a District developed and maintained District Bank provided that the following are satisfied:

(i) The District Bank has been established consistent with the provisions of Rule 26.0 et seq.,

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

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

The use of District Bank ERCs 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 ERCs from the District Bank which are to be allocated for each category:

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

(v) For use by essential public service projects, provided the applicant demonstrates to the satisfaction of the Air Pollution Control Officer, that the applicant is unable to create or acquire some or all of the required emission offsets, despite all reasonable efforts, and that the cost of some or all of the required offsets, in dollars per pound of emission reduction credit, exceeds five times the cost of control measures required to meet stationary source emission standards contained in these rules and regulations, or

(vi) For use for air contaminant emission control projects as provided for in Subsection (d)(5)(v) of this rule, and

(vii) For any other purpose approved by the Air Pollution Control Board and in conformity with state and federal laws and requirements.

(7) EXEMPTION FROM LAER

Any stationary source which provides VOC or NOx emission reductions from within the stationary source at a ratio of at least 1.3 to 1.0 for any increase of VOC or NOx subject to the LAER provisions of Subsection (d)(1)(v), shall be exempt from the requirements of this rule for LAER and from further emission offsets for such increases. In addition, any modification of an existing stationary source which results in an emission increase of VOC or NOx 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 VOC or NOx. This provision shall apply on a pollutant specific basis.

(8) DETERMINING APPLICABILITY OF LAER AND FEDERAL OFFSET PROVISIONS

The determination that a project at an existing major stationary source is a major modification and is subject to the LAER and federal emission offsets provisions of this Subsection (d)(8) shall be based on the stationary source's contemporaneous emission increases. The determination that a project at a new stationary source is a new major source and is subject to the LAER and emission offset provisions of this Subsection (d)(8) shall be based on the post-project potential to emit of the project.

(i) Requirements

The applicant for a new, modified, relocated or replacement emission unit or project at a stationary source shall submit, with each application for such emission unit or project, sufficient information to determine the emission increases from such emission unit or project and the contemporaneous emission increases if the stationary source is an existing major stationary source. Each application shall be accompanied by a current

tabulation of contemporaneous emission increases if the stationary source is an existing major stationary source. For any major stationary source undergoing a major modification based on the stationary source's contemporaneous emission increase and for each emission unit or project which constitutes a new major stationary source, 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 project which results in an emissions increase occurring at a stationary source which increase constitutes a new major source or major modification, on a pollutant specific basis. This provision shall not relieve a source from also complying with the BACT provisions of Subsection (d)(1), as applicable.

(B) Emission Offsets

The NO_x and VOC emission increases from a new, modified, relocated or replacement emission unit or project which increases constitute a new major source or major modification of a major stationary source shall be offset at a ratio of 1.2 to 1.0, on a pollutant specific basis. Interpollutant offsets may be used provided they meet the requirements of Subsection (d)(5)(vi). Interbasin offsets may be used provided they meet the requirements of Rule 20.1(d)(5)(v).

~~The CO emission increase that results from a new, modified, relocated or replacement emission unit at a stationary source and which increase constitutes a new major stationary source or major modification for CO shall be offset at a ratio of 1.0 to 1.0. This requirement shall no longer apply to CO emission increases if the District is redesignated by the federal EPA as in attainment with respect to the national ambient air quality standard for CO.~~

When an emissions increase from a new or modified emission unit or project has been determined to be subject to, and approved as in compliance with, the BACT, LAER and/or federal emission offset requirements of Subsections (d)(7) and (d)(8) of this rule, the contemporaneous emissions increase for the subject air contaminant or precursor shall thereafter not include any residual emission increase from such new or modified emission unit or project, on a pollutant specific basis.

(e) **ADDITIONAL REQUIREMENTS**

(1) Compliance Certification

Prior to receiving an Authority to Construct or modified Permit to Operate 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)(8) 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.

DRAFT 1998 REVISIONS

RULE 20.4 NEW SOURCE REVIEW PORTABLE EMISSION UNITS

(ADOPTED AND EFFECTIVE 5/17/94)
(REV. ADOPTED AND EFFECTIVE 12/17/97 AND ?????)

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(v) Alternative Offsetting	8

NOTE: The following listed sections and subsections will not be submitted to the federal Environmental Protection Agency (EPA) for inclusion in the San Diego State Implementation Plan (SIP):

Subsections (d)(1)(i), (d)(2)(iii) and (d)(5)(i).

Subsections (d)(2)(i), (d)(2)(ii), and (d)(2)(iv) will be submitted to EPA for inclusion in the SIP only with respect to national ambient air quality standards.

RULE 20.4. NEW SOURCE REVIEW - PORTABLE EMISSION UNITS
(Adopted & Effective: 5/17/94; Rev. Effective 12/17/97)

(a) **APPLICABILITY**

This rule applies to any new or modified portable emission unit.

(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.

Emission increases resulting from an air contaminant emission control project to reduce emissions from a portable emission unit shall be exempt from the emission offset requirements of Subsection (d)(5) of this rule to the extent that the project does not include an increase in the capacity of the emission unit being controlled. Emission increases that are associated with an increase in capacity of the emission unit being controlled shall be subject to the emission offset provisions of this rule, as applicable.

(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 May 17, 1994 and that the emission unit has not been modified since May 17, 1994 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~~ 50 tons per year of oxides of nitrogen (NO_x) and 50 tons per year of volatile organic compounds (VOC) and ~~less than 100 tons per year of carbon monoxide (CO)~~. Type I portable emission units may also operate at stationary sources which have an aggregate potential to emit greater than these levels if emission offsets at the ratios specified for Type ~~II~~ III portable emission units in ~~Table 20.4-2~~ Section (d)(5)(ii) are provided for the period of time the portable emission unit is located at such a stationary source. ~~The limitation on operating at stationary sources which have an aggregate potential to emit of less than 100 tons per year of CO shall no longer apply if the District is redesignated by the federal Environmental Protection Agency (EPA) as in attainment with respect to the national ambient air quality standard for 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. The limitation on operating at stationary sources which have an aggregate~~

potential to emit of less than 100 tons per year of CO shall no longer apply if the District is redesignated by the federal EPA as in attainment with respect to the national ambient air quality standard for CO. RESERVED

TABLE 20.4-1
Federal Serious Ozone Nonattainment Classification

<u>Air Contaminant:</u>	<u>Emission Rate</u> <u>(Ton/yr)</u>
Oxides of Nitrogen (NO _x)	50
Volatile Organic Compounds (VOC)	50
Carbon Monoxide (CO)	100

(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 AND LAER FOR NEW OR MODIFIED PORTABLE EMISSION UNITS**

The Air Pollution Control Officer shall deny an Authority to Construct or modified Permit to Operate for any new or modified portable emission unit unless the applicant demonstrates that the following requirements will be satisfied:

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

Unless a new or modified portable emission unit is equipped to comply with Lowest Achievable Emission Rate (LAER) as provided in Subsection (d)(1)(ii), 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 10 pounds per day or more of particulate matter (PM₁₀), NO_x, VOC, or oxides of sulfur (SO_x) shall be equipped with Best Available Control Technology (BACT) for each such air contaminant.

(ii) **New or Modified Type III Portable Emission Units**

Any new or modified Type III portable emission unit which has any emissions increase of an air contaminant or its precursors for which the District is designated as non-attainment with respect to a national ambient air quality standard, shall be equipped to comply with LAER. This requirement shall not apply if the applicant demonstrates, to the satisfaction of the Air Pollution Control Officer, and agrees to federally enforceable permit conditions to ensure that the emissions increase from such unit will not constitute a new major source or a major modification at any stationary source which is major for a non-attainment air contaminant or precursor, or if the emissions increase is offset at a ratio of 1.3 to 1.0 by actual emission reductions at each major stationary source at which the portable emission unit is located.

(iii) **New or Modified Portable Emission Units - PSD Stationary Sources**

Any new or modified portable emission unit which may be located at a Prevention of Significant Deterioration (PSD) stationary source, which emission unit has an

emission increase of one or more air contaminants which constitutes a new PSD stationary source (see Table 20.1-11) or PSD modification (see Tables 20.1-8 and 20.1-10) shall be equipped with 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 PM₁₀ 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 PM₁₀ 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 - 1, 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 or interfere with the attainment or maintenance of any state or national ambient air quality standard.

If a PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ which would be formed by precursor air contaminants prior to discharge to the atmosphere.

TABLE 20.4 - 2
AQIA Trigger Levels

<u>Air Contaminant</u>	<u>(lb/hr)</u>	<u>Emission Rate</u> <u>(lb/day)</u>	<u>(tons/yr)</u>
Particulate Matter (PM ₁₀)	---	100	15
Oxides of Nitrogen (NO _x)	25	250	40
Oxides of Sulfur (SO _x)	25	250	40
Carbon Monoxide (CO)	100	550	100
Lead and Lead Compounds	---	3.2	0.6

(ii) **AQIA Not Required for NO_x 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 NO_x or 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 NO_x or VOC emissions from point sources on ozone ambient air quality standards and that such procedures are acceptable to the California Air Resources Board (ARB) and the federal EPA.

(iii) **AQIA Requirements for PM₁₀ Impacts May be Waived**

Notwithstanding the requirements of Subsection (d)(2)(i) above, the Air Pollution Control Officer may waive the AQIA requirements for PM₁₀ 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 µg/m³ (24-hour average basis) and 3 µg/m³ (annual geometric mean basis), all of the emission unit's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at a ratio of 1.5 to 1.

(B) If the project will result in a maximum PM₁₀ air quality impact equal to or greater than 5 µg/m³ but less than 10 µg/m³ (24-hour average basis) or equal to or greater than 3 µg/m³ but less than 6 µg/m³ (annual geometric mean basis):

(1) the emission unit must be equipped with BACT for PM₁₀ without consideration for cost-effectiveness,

(2) all of the emission unit's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at an overall ratio of 1.5 to 1,

(3) sufficient emission offsets must be provided within the emission unit's impact area to offset all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, 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 PM₁₀ ambient air quality impact minus 5 $\mu\text{g}/\text{m}^3$ (24-hour average basis) and 3 $\mu\text{g}/\text{m}^3$ (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 PM₁₀ air quality impact equal to or greater than 10 $\mu\text{g}/\text{m}^3$ (24-hour average basis) or equal to or greater than 6 $\mu\text{g}/\text{m}^3$ (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 or modified Permit to Operate 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 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) **ARB, SCAQMD and Imperial County APCD Notification**

The California ARB, the South Coast Air Quality Management District 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 or modified Permit to Operate for any portable emission unit subject to the AQIA or notification requirements of Subsections (d)(2) or (d)(3), nor for any project which results in an emissions increase of VOCs equal to or greater than 250 pounds per day or 40 tons per year, 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, 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**

(i) **Emission Offsets - Type I and Type II Portable Emission Units**

Emission offsets shall not be required for Type I portable emission units. ~~The Air Pollution Control Officer shall not issue an Authority to Construct or modified Permit to Operate for any Type II portable emission unit unless emission offsets are provided, on a pollutant specific basis, at a ratio of 1.0 to 1.0 for any emission increases of VOC and NOx from such new or modified unit. As provided for in Subsection (d)(5)(iv), interpollutant offsets may be used.~~

(ii) **Emission Offsets - Type III Portable Emission Units**

The Air Pollution Control Officer shall not issue an Authority to Construct or modified Permit to Operate for any Type III portable emission unit unless emission offsets are provided on a pollutant specific basis for any emission increases of air contaminants and their precursors for which the District is designated as non-attainment with respect to a national ambient air quality standard. Emission offsets shall be provided at a ratio of 1.2 to 1.0 for VOC and for NOx emission increases, and at a ratio of 1.0 to 1.0 for CO emission increases. As provided for in Subsection (d)(5)(iv), interpollutant offsets may be used. ~~The requirement for CO offsets shall no longer apply if the District is redesignated by the federal EPA as in attainment with respect to the national ambient air quality standard for CO. Interbasin offsets may be used provided they meet the requirements of Rule 20.1(d)(5)(v).~~

~~(iii) **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 Type III portable emission unit will not cause or contribute to a violation, nor interfere with the attainment or maintenance, of the national ambient air quality standard for CO, emission offsets for CO shall not be required.~~

(iv) **Interpollutant Offset Ratios**

The Air Pollution Control Officer may allow the use of interpollutant emission offsets at the ratios specified in Table 20.4 - 3 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 20.4 - 3
Interpollutant Ratio

Emission Increase	Decrease	Interpollutant Ratio
Oxides of Nitrogen (NO _x)	NO _x	1.0
	VOC	2.0
Volatile Organic Compounds (VOC)	VOC	1.0
	NO _x	1.0

(v) **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 50 tons per year, or over 50 tons per year or more of VOC or NO_x, or over 100 tons per year of CO) for VOC; and NO_x and CO, the sum of all portable emission units' 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 units' 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.

APPENDIX C

SAN DIEGO REGIONAL AIR QUALITY PROGRESS

ATTACHMENT I

SAN DIEGO REGIONAL AIR QUALITY PROGRESS

State law [Health and Safety Code Section 40924(b)(1)] requires triennial progress reports to include an assessment of progress towards attainment of the state clean air standards using air quality indicators developed by ARB. Progress in reducing ozone, nitrogen dioxide, and carbon monoxide is tracked over sequential 3-year periods, from the 1986-88 base period to the 1994-96 end period. Results indicate significant improvement for the three pollutants in the San Diego Air Basin over the last three years and since the 1986-1988 base period.

AIR QUALITY INDICATORS

The three indicators developed by ARB are a peak hot spot indicator, a population-weighted exposure indicator, and an area-weighted exposure indicator, all calculated from District air quality monitoring data.¹ Since monitoring data exhibits natural variability, each indicator value carries associated statistical uncertainty. Accordingly, ARB guidance recommends reporting air quality progress taking into account the statistical confidence level of the monitoring data. Improvements in air quality indicators with a 95% confidence level is considered "documented progress."

Peak Hot Spot Indicator

The peak hot spot indicator, Expected Peak Day Concentration (EPDC), is used to assess progress for all three pollutants. This measure reflects the potential for acute adverse health impacts by tracking progress in reducing peak concentrations of air pollution at monitoring sites where concentrations are highest.

Exposure Indicators

Two exposure indicators developed by ARB are used to assess progress for ozone. These measures reflect the potential for chronic adverse health impacts by tracking progress in reducing the total annual exposure to ambient ozone concentrations exceeding the state standard. The population-weighted exposure indicator represents a composite of exposures within each census tract within San Diego County, weighted by relative population within each tract to emphasize air quality levels in populated areas. The area-weighted exposure indicator is weighted by the size of each census tract to emphasize the geographic extent of air quality progress.

OZONE

The San Diego Air Basin is nonattainment for both the state and federal one-hour ozone standards. All three ozone indicators showed substantial ozone reductions since the 1986-1988 base period. The two highest ozone EPDC's between 1994 and 1996 occurred at the Alpine and El Cajon monitoring sites (Table 1).² The charted year-to-year 3-year averages (Figures 1 and 2) for these two sites indicate deterioration occurred between 1988 and 1990 that was more than offset by subsequent improvement between 1990 and 1996. This pattern is typical for the region as a whole, as reflected by both the population-weighted and area-weighted exposure indicators (Figures 3 and 4). Documented progress occurred at the 95% confidence level for all indicators.

¹Monitoring data for 1980-1996 was provided by ARB for this analysis.

²Concentration levels for the remaining sites in San Diego County were less than 90 percent of the concentration for the highest site and are not presented, pursuant to ARB guidance.

TABLE 1
Ozone Progress Indicators

Indicator	Base Period 86-88	End Period 94-96	Difference (Base-End)	Percent Difference (Base-End)	95% Confidence	
					Uncertainty	Documented Progress
EPDC - Alpine	16.7	14.2	2.5	15%	0.7	11%
EPDC - El Cajon	14.4	11.9	2.5	18%	0.5	14%
Pop-Weight Exposure	116	8	108	93%	37	61%
Area-Weight Exposure	397	112	285	72%	83	51%

CARBON MONOXIDE

The San Diego Air Basin meets both state and federal standards for carbon monoxide. EPDC data show the region's low carbon monoxide readings are continuing to decline. The two highest end-period EPDC's for carbon monoxide occurred at the Escondido and San Diego monitoring sites (Table 2), which showed documented progress of 15% and 24%, respectively. As with ozone, carbon monoxide concentrations rose in the years prior to 1990 (Figures 5 and 6), and then declined steadily between 1990 and 1996, resulting in significant reductions since the 1986-1988 base period.

TABLE 2
Carbon Monoxide Expected Peak Day Concentration (ppm)

Site	Base Period 86-88	End Period 94-96	Difference (Base-End)	Percent Difference (Base-End)	95% Confidence	
					Uncertainty	Documented Progress
Escondido-E Valley Pkwy	9.1	7.3	1.8	20%	0.4	15%
San Diego-Union Street	9.7	7.0	2.7	28%	0.4	24%

NITROGEN DIOXIDE

The San Diego Air Basin meets both state and federal nitrogen dioxide standards. Table 3 presents EPDC's for all sites with concentrations within 10% of the highest site, San Diego-12th Avenue. For the three sites with complete data, documented progress averaged 19%.

TABLE 3
Nitrogen Dioxide Expected Peak Day Concentration (pphm)

Site	Base Period 86-88	End Period 94-96	Difference (Base-End)	Percent Difference (Base-End)	95% Confidence	
					Uncertainty	Documented Progress
San Diego-12th Avenue	—	12.9	—	—	—	—
Escondido-E Valley Pkwy	15.2	12.6	2.6	17%	1.3	9%
Oceanside-Mission Ave	20.4	12.2	8.1	40%	2.4	28%
San Diego-Overland Ave	16.8	11.8	5.0	30%	1.5	21%

Nitrogen dioxide data match the pattern of ozone and carbon monoxide data over the periods examined. Concentrations increased prior to 1990, and then declined substantially through 1996, resulting in overall significant improvement since the base period. Figures 7, 8, and 9, depicting results from Escondido, Oceanside, and San Diego-Overland Avenue, each exhibit this pattern.

CONCLUSION

Air quality indicators demonstrate substantial improvement in the San Diego Air Basin between the 1986-1988 base period and the 1994-1996 end period. Indicators for all three pollutants exhibited rising concentrations prior to 1990, and steady improvement in each period thereafter, resulting in the lowest levels in the 1980-1996 data set. All measured improvements occurred at the 95% confidence level.

FIGURE 1
Ozone
Expected Peak Day Concentration
Alpine-Victoria Drive Monitoring Station

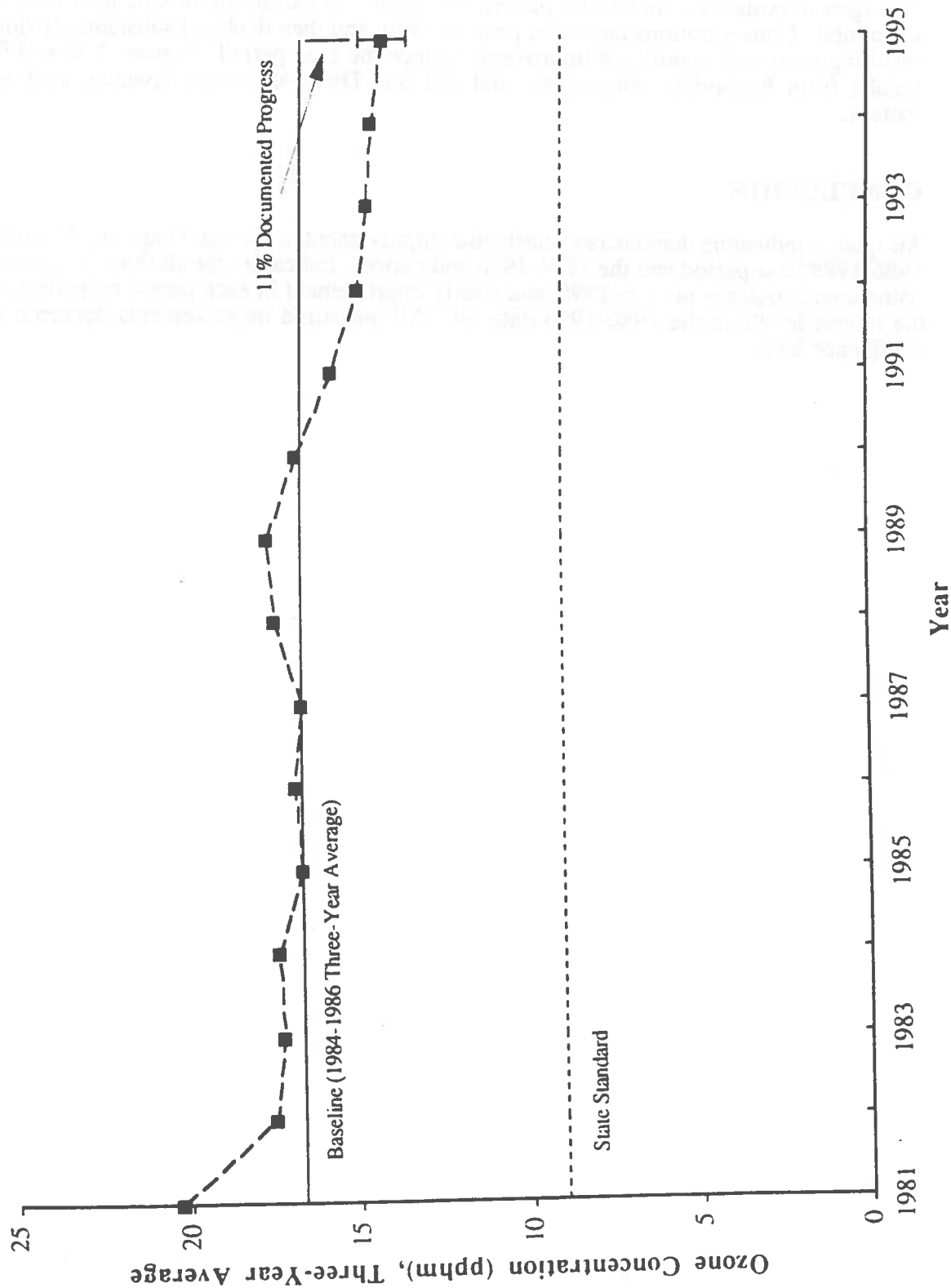


FIGURE 2

Ozone

Expected Peak Day Concentration
El Cajon-Redwood Avenue Monitoring Station

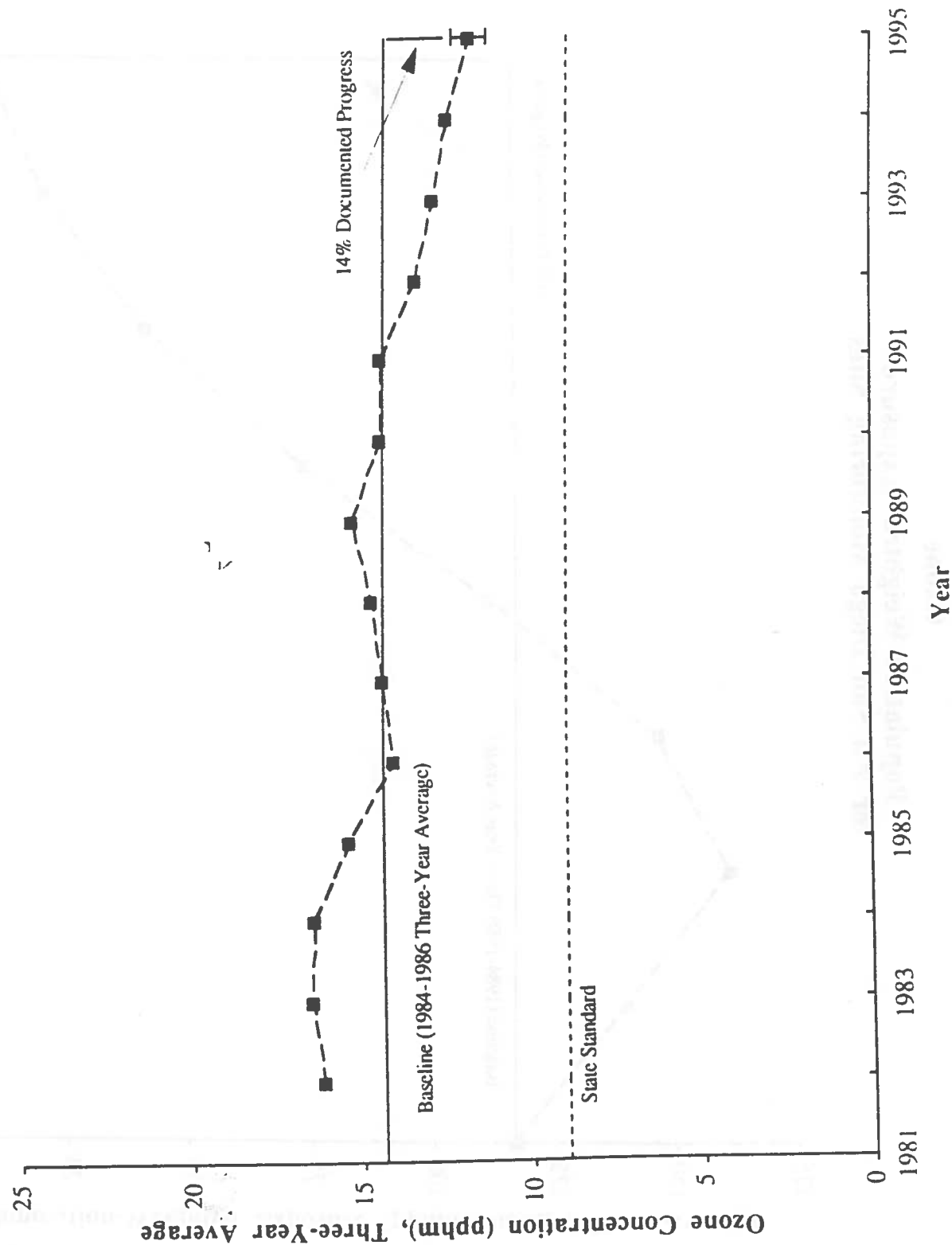


FIGURE 3
Ozone
Population-Weighted Exposure
for All San Diego Monitoring Sites

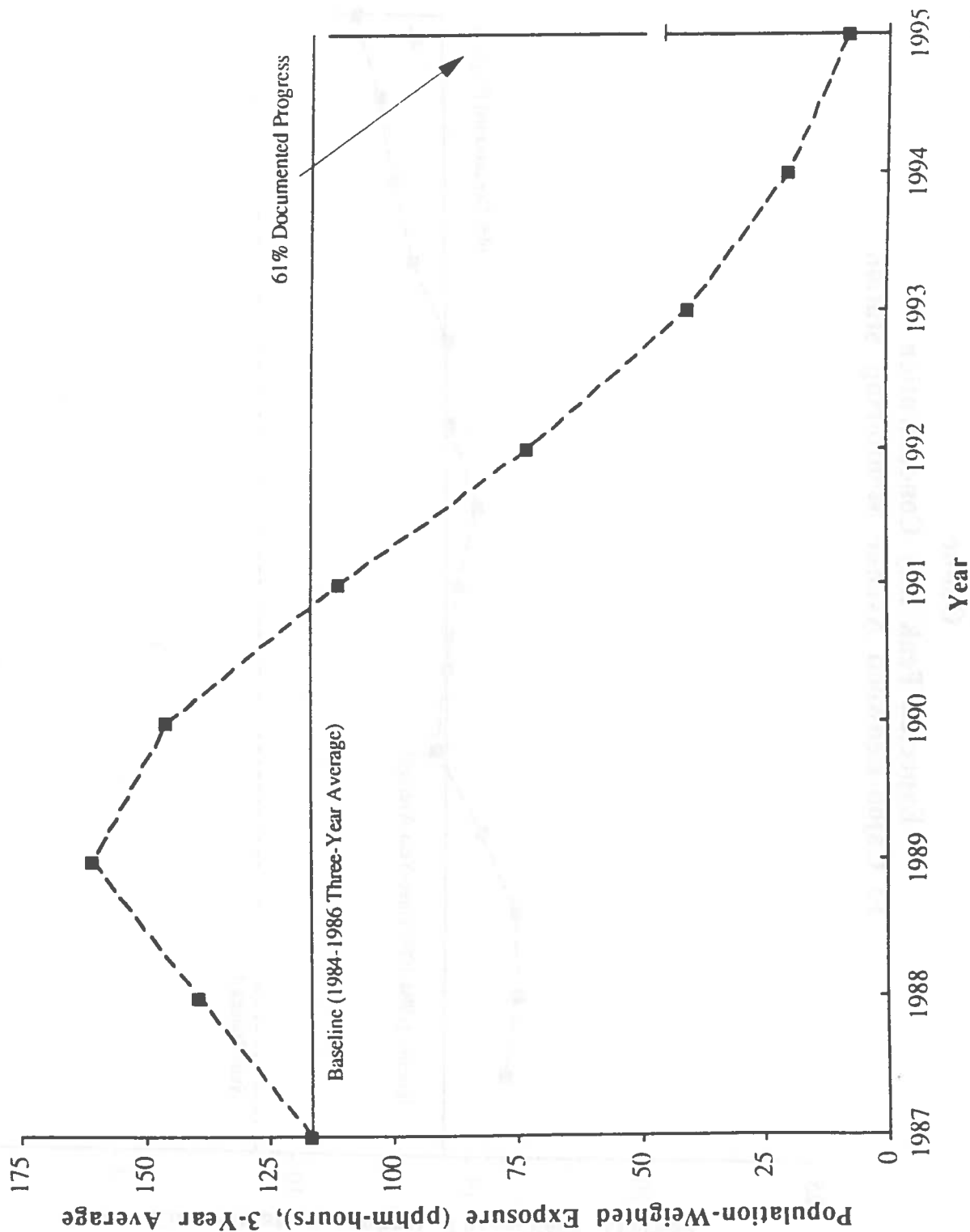


FIGURE 4

**Ozone
Area-Weighted Exposure
for All San Diego Monitoring Sites**

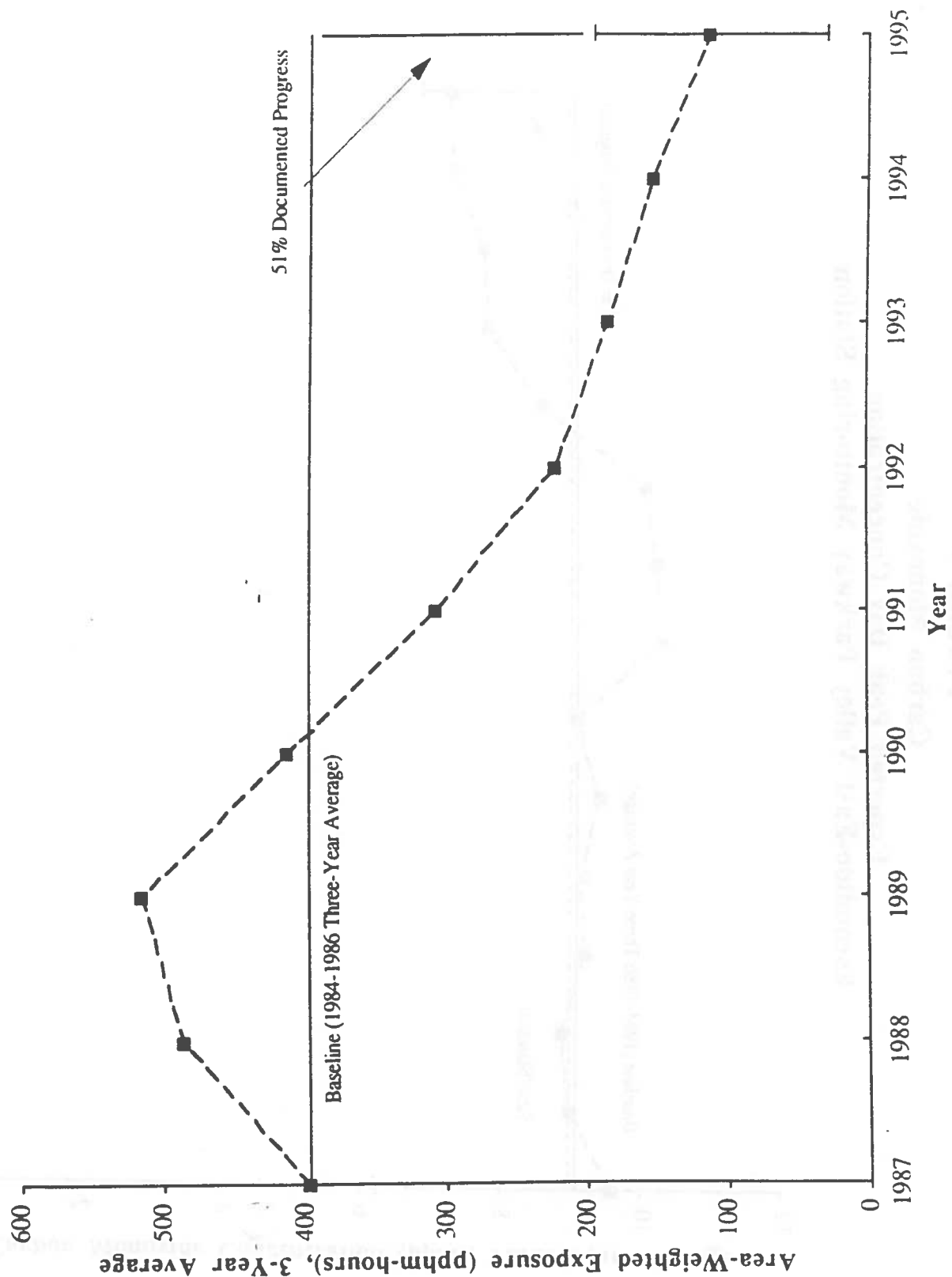


FIGURE 5
Carbon Monoxide
Expected Peak Day Concentration
Escondido-East Valley Parkway Monitoring Station

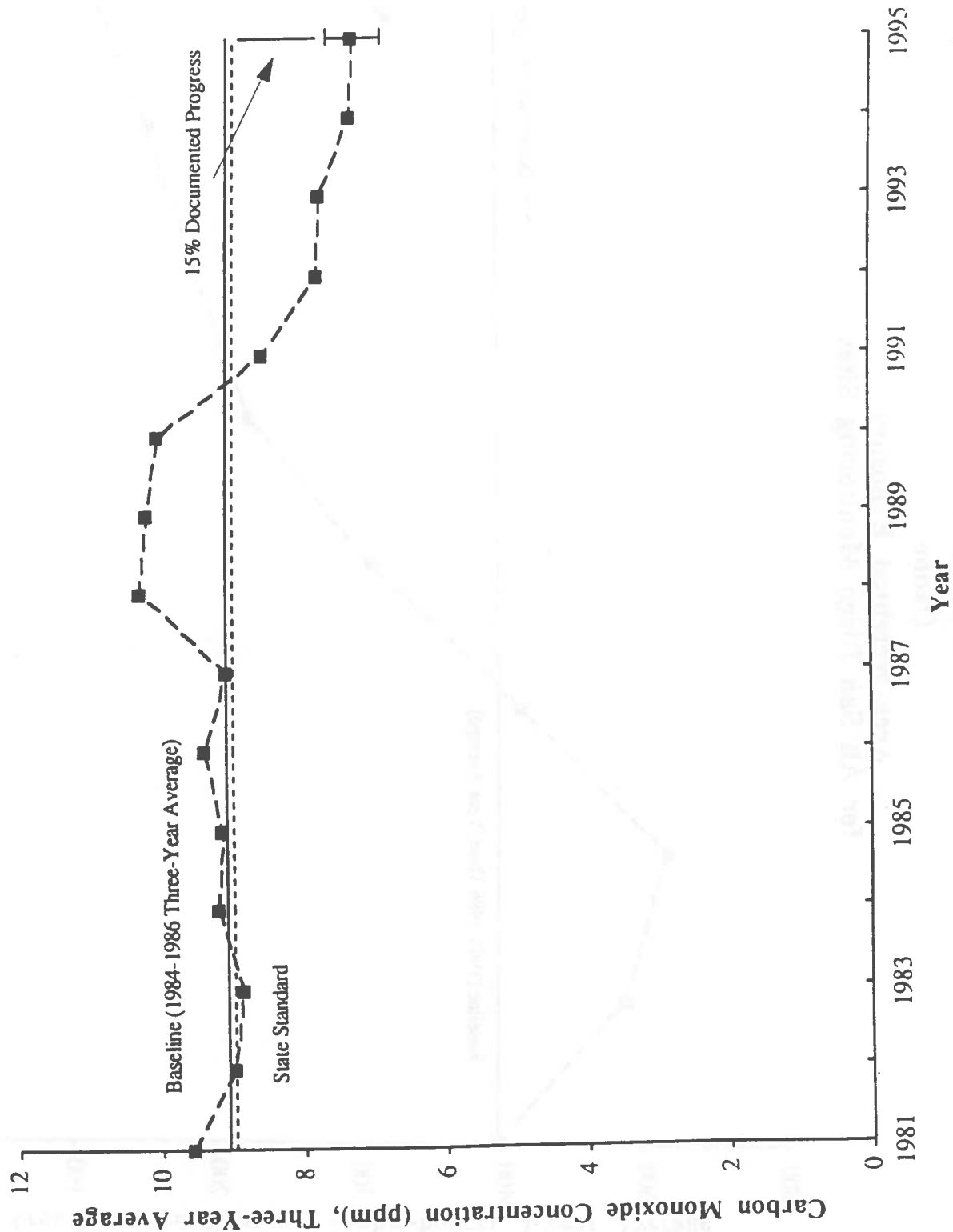


FIGURE 6
Carbon Monoxide
Expected Peak Day Concentration
San Diego-Union Street Monitoring Station

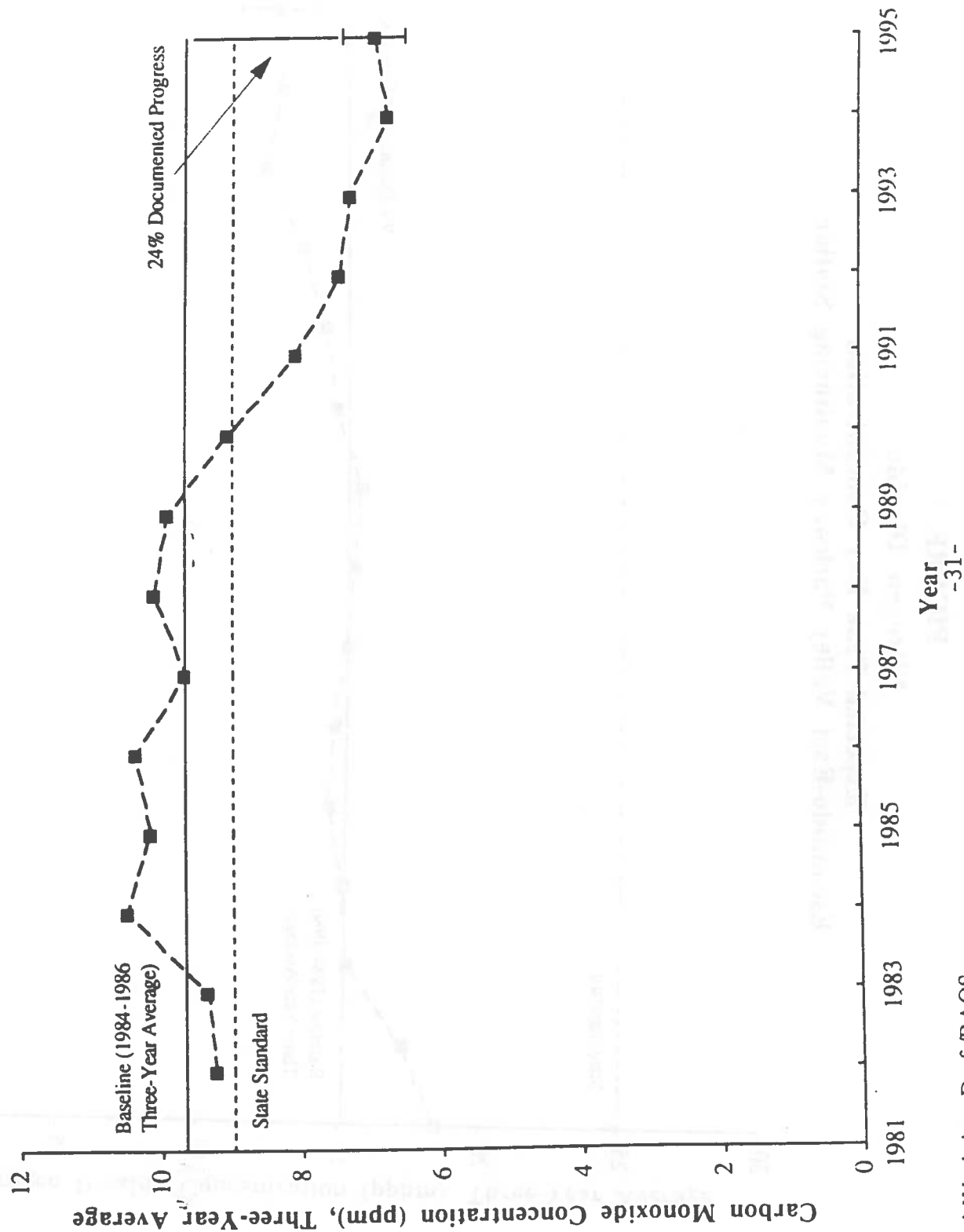


FIGURE 7
Nitrogen Dioxide
Expected Peak Day Concentration
Escondido-East Valley Parkway Monitoring Station

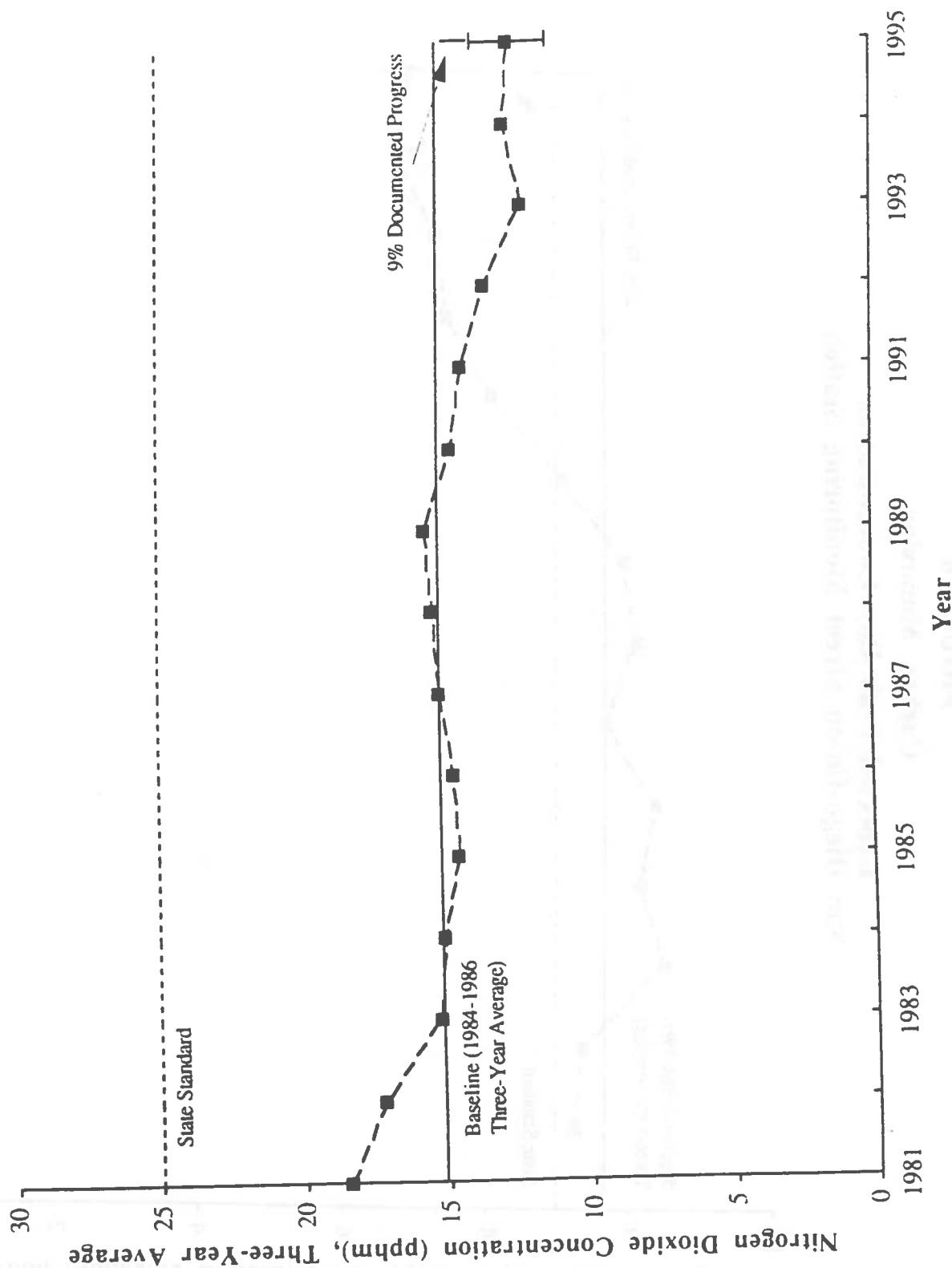


FIGURE 8
Nitrogen Dioxide
Expected Peak Day Concentration
Oceanside-Mission Avenue Monitoring Station

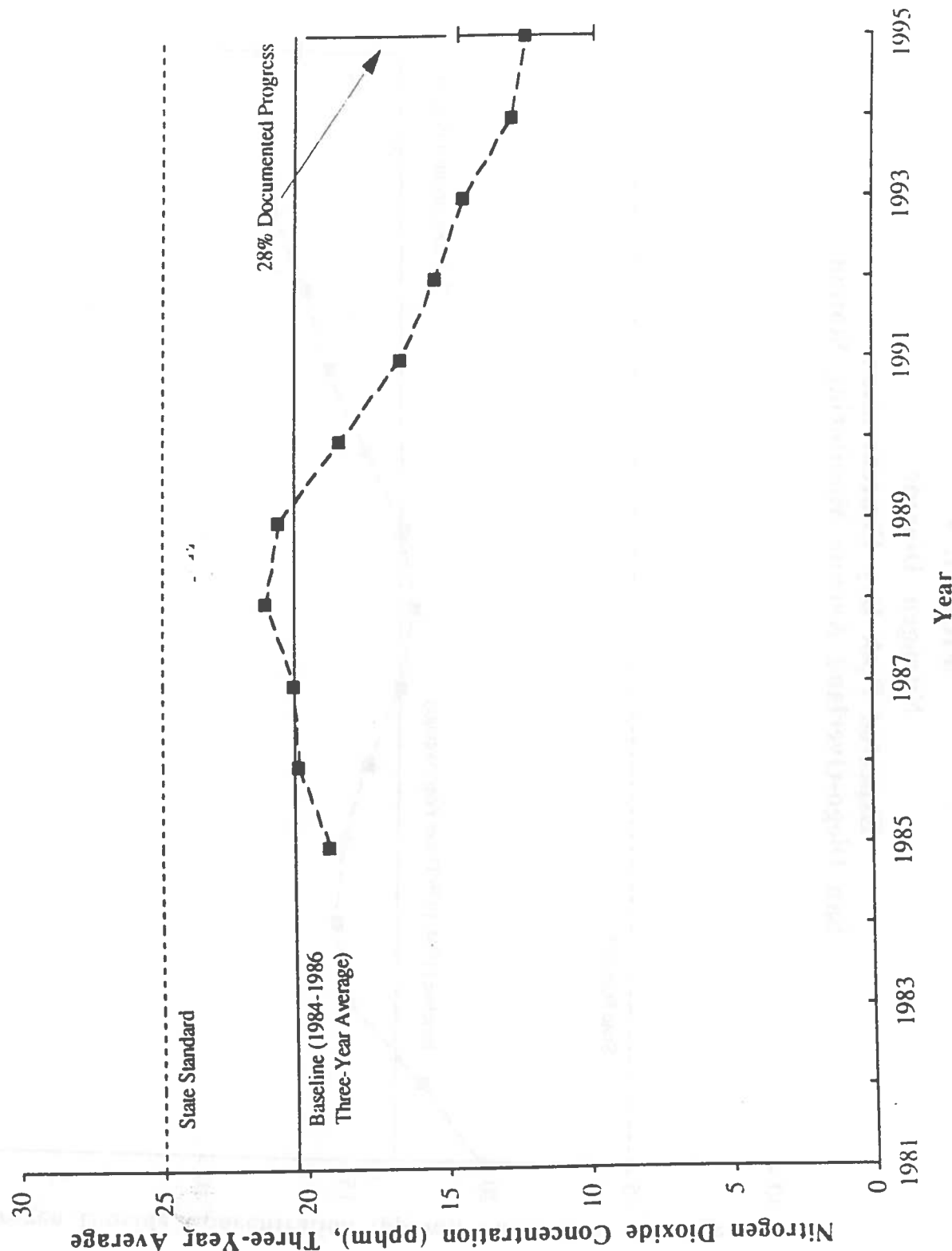
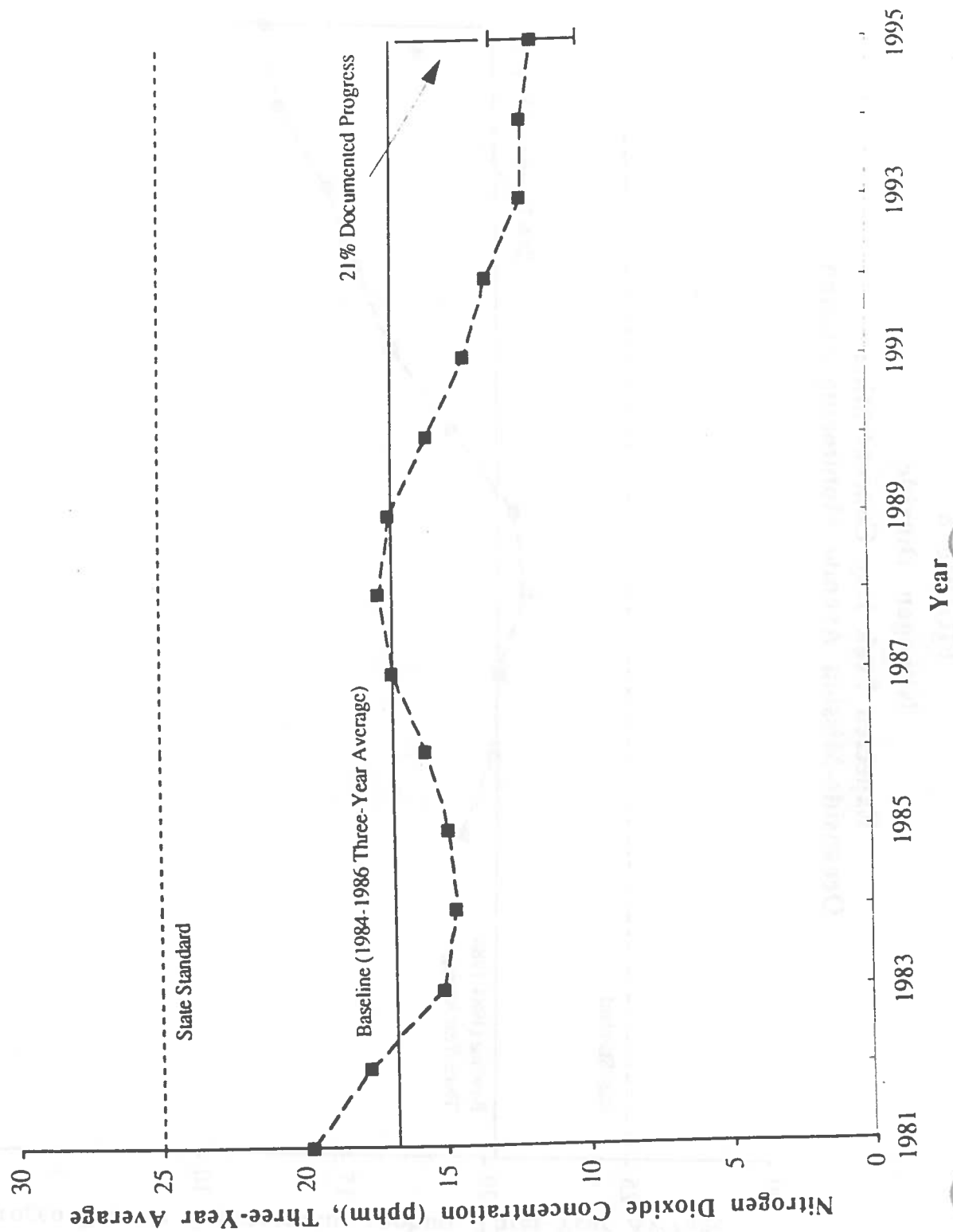


FIGURE 9
Nitrogen Dioxide
Expected Peak Day Concentration
San Diego-Overland Avenue Monitoring Station



APPENDIX D

SOURCES OF BANKED EMISSION REDUCTION CREDITS

**Source of Banked Emission Reduction Credits
San Diego County Air Pollution Control District
January 1998**

Source	VOC (tpy)	NOx (tpy)	Reduction Source
Aldila	7.4	—	Shutdown (Equipment)
Calbiochem	9.08	—	Shutdown (Equipment)
Carpenter Technical	2.4	—	Shutdown (Equipment)
General Dynamics	66.2	21.9	Shutdown (Entire Facility)
Hughes	1.28	—	Shutdown (Equipment)
Napp	18.1	—	Process Modification
Nassco	0.62	0.54	Shutdown (Equipment)
Ralston-Purina	2.1	13.8	Shutdown (Entire Facility)
San Diego Gas & Electric	1.0	20.8	Shutdown (Equipment)
San Diego Union-Tribune	15.2	—	Process Modification
SCE	0.02	0.51	Shutdown (Equipment)
Sequentia	93.0	—	Shutdown (Equipment)
Solar Turbines	8.8	—	Shutdown (Equipment)
Sony	0.54	—	Shutdown (Equipment)
Tanpac	25.15	—	Shutdown (Entire Facility)
U.S. Naval Aviation Depot	1.15	—	Shutdown (Equipment)
U.S. Naval Station	1.33	5.50	Shutdown (Equipment)
Unisys Corp.	7.86	—	Shutdown (Equipment)
<i>Totals</i>	261.23	63.05	

01593
Air Pollution Control District)
of San Diego County)

NOVEMBER 4, 1998

No. 98-296

**RESOLUTION CERTIFYING
THE FINAL ENVIRONMENTAL IMPACT REPORT
FOR PROPOSED AMENDMENTS TO
NEW SOURCE REVIEW RULES 20.1 THROUGH 20.4**

On motion of Member Slater, Seconded by Member Jacob the following Resolution is adopted:

WHEREAS, the California Air Resources Board has designated San Diego County as a serious ozone nonattainment area;

WHEREAS, pursuant to state law, on May 17, 1994, the San Diego County Air Pollution Control Board adopted a no-net-increase permitting program for stationary sources emitting, or with the potential to emit, 15 tons or more per year of nonattainment pollutants;

WHEREAS, the no-net-increase permitting provisions are contained in District Rules 20.1 through 20.4 (New Source Review);

WHEREAS, California Health and Safety Code Sections 40918.5 and 40918.6 allow air pollution control or air quality management districts not classified as extreme nonattainment areas to repeal no-net-increase permitting provisions provided certain actions are taken by the district and state Air Resources Board;

WHEREAS, pursuant to California Health and Safety Code Sections 40918.5 and 40918.6, the San Diego County Air Pollution Control District (District) has developed proposed amendments to District Rules 20.1 through 20.4 deleting the state no-net-increase permitting requirements and making administrative and clerical changes as appropriate;

WHEREAS, pursuant to the California Environmental Quality Act, adoption of amendments to District Rules 20.1 through 20.4 (New Source Review) is a project requiring environmental review;

WHEREAS, the San Diego County Air Pollution Control District has the principal responsibility for approving the proposed amendments to District Rules 20.1 through 20.4 and, therefore, pursuant to the California Environmental Quality Act, is the lead agency for the requisite environmental review;

WHEREAS, pursuant to the California Environmental Quality Act, a Notice of Preparation was circulated for a 30-day public comment period indicating preparation of a Draft Environmental Impact Report for proposed amendments to District Rules 20.1 through 20.4;

WHEREAS, pursuant to the California Environmental Quality Act, a project Draft Environmental Impact Report was prepared assessing potential environmental impacts resulting from implementing the proposed amendments to District Rules 20.1 through 20.4;

WHEREAS, the Draft Environmental Impact Report was circulated for a 45-day public comment period and comments on the Environmental Impact Report were received;

10/13/98

Resolution No. 98-296
11/4/98 (APCD 3)

- 1 -

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Resolution No. 98-297, entitled: RESOLUTION ADOPTING FINDINGS THAT STATE NO-NET-INCREASE REQUIREMENTS ARE NOT NECESSARY TO ACHIEVE AND MAINTAIN STATE AMBIENT AIR QUALITY STANDARDS IN SAN DIEGO COUNTY BY THE EARLIEST PRACTICABLE DATE;

Resolution No. 98-298, entitled: RESOLUTION AMENDING NEW SOURCE REVIEW RULES 20.1, 20.2, 20.3 AND 20.4 OF REGULATION IV OF THE RULES AND REGULATIONS OF THE SAN DIEGO COUNTY AIR POLLUTION CONTROL DISTRICT; and pursuant to Section 40727 of the Health and Safety Code, made the appropriate Findings as set out in Board of Supervisors Exhibit No. 1.

AYES: Cox, Jacob, Slater, Roberts, Horn

State of California)
County of San Diego)^{ss}

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Air Pollution Control Board.

THOMAS J. PASTUSZKA
Clerk of the Air Pollution Control Board

By Frank Galang
FRANK GALANG, Deputy



**ANALYSIS DEMONSTRATING THAT
STATE NO-NET-INCREASE REQUIREMENTS ARE NOT NECESSARY
TO ACHIEVE AND MAINTAIN STATE AMBIENT AIR QUALITY STANDARDS
IN SAN DIEGO COUNTY BY THE EARLIEST PRACTICABLE DATE**

San Diego County is a Serious nonattainment area regarding the state ozone standard. In accordance with state law, San Diego County Air Pollution Control District New Source Review (NSR) Rules 20.1 - 20.4 require Best Available Control Technology for equipment with a potential to emit 10 pounds or more per day of an ozone precursor (volatile organic compounds (VOC) or oxides of nitrogen (NO_x)). Additionally, emission increases at new and modified businesses having a potential to emit 15 tons or more annually must be offset with an equal emission reduction. This offset requirement is referred to as the state no-net-increase program. Emission reductions can be used as offsets only if they are not otherwise required by local, state, or federal mandates. Offsets are approved and recorded (banked) in an offset bank and tracked by the District. Offsets are usually obtained by paying another company that has voluntarily reduced its emissions in return for the rights to the resulting emission reduction credits.

In theory, if a new or modified source increases emissions after applying stringent controls required by NSR rules, offsetting those emissions with emission reductions occurring at the affected facility, or some other facility in the region, assures regionwide emissions do not increase. Further, there is a market created for offsets, providing an incentive for businesses to voluntarily reduce pollution beyond regulatory requirements. The resulting emission credits can then be sold to new or expanding facilities.

In practice, this does not happen in San Diego County. Creating voluntary surplus emission reductions is difficult because of stringent state and federal control requirements. District analysis of the offset bank (Attachment A) indicates that almost all (90%) of the available offsets are from shutting down facilities or processes (shut downs), occurring as a normal course of business activity, not voluntary emission reductions. Since the air quality benefits resulting from shut downs occur regardless of the offset requirements, there is no air quality benefit realized when emission reductions resulting from shut downs are used for offsets.

As a result, the state no-net-increase program results in costly paper transfers of emission credits from one company to another with little or no commensurate air quality benefit. In addition, sources creating offsets are becoming more reluctant to sell them because of their own future needs. This further drives up prices. The cost of offsets in 1997 ranged from \$667 per ton to \$18,000 per ton. However, the price has risen with increasing business activity. A recent local market price for NO_x offsets was nearly \$30,000 per ton. This is about two and one-half times what local businesses are currently paying to reduce emissions (\$12,900 per ton) by installing very stringent emission control devices to meet regulatory requirements.

State law (Health and Safety Code Sections 40918.5 and 40918.6) allows a district not classified as an extreme nonattainment area, such as the San Diego County Air Pollution Control District, to repeal its state no-net-increase program if stringent health-protective requirements are met by the district board and the Air Resources Board (ARB). The district board must find that: (1) every feasible control measure has been adopted or scheduled for adoption; (2) the no-net-increase program is not necessary to comply with the transport mitigation requirements of state law; and (3) the state no-net-increase program is not needed to meet state ambient air quality standards by the earliest practicable date. ARB must affirm the district boards' determination. Finally, if a no-net increase program is repealed, the need for the program must be reviewed during each triennial attainment plan (Regional Air Quality Strategy) revision.

Analysis Demonstration

On November 4, 1998, the Air Pollution Control Board adopted findings concluding the state emissions offset requirement is not necessary for local attainment of state ambient air quality standards by the earliest practicable date. ARB concurrence with the findings enables the District's NSR rules to be amended to delete the state emissions offset requirement.

The rule development process, including public notice and workshop, has been followed in developing the proposal to repeal state no-net-increase requirements from the District's NSR rules. If the state no-net-increase program is repealed, federal emission offset requirements will still apply to new or modified businesses having potential to emit 50 tons or more per year of ozone precursors. All current requirements to install state Best Available Control Technology (BACT) or federal Lowest Achievable Emission Rate (LAER) control technology on new or modified equipment will also be retained. Further, current requirements will be retained for Air Quality Impact Analysis on specified projects to evaluate and mitigate potential impacts on ambient air quality and public health. Additionally, a separate District Rule 1200 requires projects to be evaluated for the public health impacts of toxic air contaminant emissions (constituents of certain VOC, PM10, and other contaminants) to ensure increases do not result in significant health risks to the public.

The ARB has issued guidance addressing the steps to be followed before a district's no-net-increase permitting program can be determined unnecessary and repealed. The guidance addresses four requirements in state law (Health and Safety Code (H&SC) §40918.5[a]) that must first be met:

- 1. The District Board must have adopted, or have scheduled for adoption, all feasible measures to achieve and maintain state ambient air quality standards.**
- 2. The District Board must have reviewed an estimate of growth in emissions, if any, that is likely to occur as a result of eliminating a no-net-increase permitting program.**
- 3. The no-net-increase program must not be necessary for the District to achieve and maintain the state ambient air quality standards by the earliest practicable date.**
- 4. The no-net-increase program must not be necessary for the District to comply with state requirements for transport mitigation.**

1. All Feasible Measures

Pursuant to ARB guidance, documentation demonstrating compliance with this requirement should include:

- Identification of the specific measures and the schedule for their adoption in the most recent district adopted attainment plan, and the estimated control efficiency or emissions reductions anticipated, by year, as identified in the plan from each measure.
- A list of specific rules adopted, their adoption dates, their implementation dates, and the estimated control efficiency or emissions reductions which may be achieved by their implementation.
- A schedule for adopting future rules and status of developing those rules.

Every feasible measure to achieve and maintain state ambient air quality standards has been adopted or scheduled for adoption by the Air Pollution Control Board. On June 17, 1998, the District Board approved the 1998 Triennial Regional Air Quality Strategy Revision, incorporated here by reference. The RAQS Revision schedules for adoption all measures determined feasible by the District and ARB, lists their implementation dates and estimated emission reductions, and addresses the status of developing future rules (RAQS Revision, pp. 5-15).

Control efficiencies of existing rules were also updated and incorporated into ARB rate-of-progress calculations included in the RAQS Revision (RAQS Revision, p. 15). The RAQS Revision also lists rules adopted in the previous three years, their adoption dates, their implementation dates, and estimated emissions reductions to be achieved (RAQS Revision, pp. 2-9). The listed measures supplement existing measures identified in the 1995 Triennial RAQS Update and the 1991 RAQS.

Four rules, Furnaces, Water Heaters, Turbines, and Adhesives, were scheduled for adoption in 1998. The District Board adopted the Furnaces and Water Heaters rules on June 17, 1998. The Turbines and Adhesives rules are on schedule for adoption in December 1998. Workshops for these two rules were held in March 1998 and April 1998, respectively, and the Socioeconomic Impact Assessments are underway.

2. Review of Estimate of Growth in Emissions

Pursuant to ARB guidance, an adequate estimate of the impact of future emissions growth that could occur as a result of eliminating the no-net-increase program should consider the following information:

- The District's historic permitting activity for new and modified stationary sources since the adoption of a no-net-increase permitting program, including projects which have permit conditions that keep emissions at or near offset thresholds.
- Known or pending future projects, including pending applications for authority to construct permits.
- An estimate through a reasonable planning horizon, such as the time frame used in triennial plan updates, of cumulative emissions increases from new and modified stationary sources in tons per year, that will result from eliminating the no-net-increase program.
- A discussion of the magnitude of the increases (e.g. percent of the current or future district emissions inventories).

Pursuant to these criteria, an analysis was conducted of both historical and potential future permitting activity for new and modified stationary sources subject to offset requirements. Although the no-net-increase program was adopted locally in 1994, permitting activity for the years 1993 through 1997 was examined to document potential trends of increasing and decreasing emissions among affected sources.

Historical Permitting Activity

Since adopting the District's no-net-increase program in 1994, state offset requirements have been applied to emission increases at new and modified businesses having a potential to emit 15 tons or

more annually. In analyzing historical permitting activity, emission increases requiring offsetting reductions were identified from permit applications for each new or modified stationary source for which aggregate post-project emissions exceeded 10 tons per year of VOC or NO_x. Sources with actual emissions exceeding 10 tons were considered to reflect sources with a potential to emit more than 15 tons per year. This approach was taken to be conservative and because District emissions information for sources reflects actual emissions, not potential emissions.

Table 1 lists the total emissions increases (not total facility emissions) from new or modified equipment at sources with emissions exceeding 10 tons per year, by pollutant and year. The emissions estimates for individual applications were verified by reviewing engineering evaluations and test data on a spot basis. (The corresponding sources are listed in Attachment B.) VOC emission increases averaged 14 tons per year, with a range of 3-32 tons. NO_x emission increases averaged 30 tons per year, with a range of 7-55 tons. The highest increase of both VOC and NO_x occurred in 1993. However, it should be noted that 1993 emission increases are overestimated due to less-refined emission calculation methods used prior to adopting the state no-net-increase program in 1994. For example, engineering evaluations would typically assume the maximum possible daily emissions from new equipment to occur every day. If the project showed compliance with these worst-case assumptions, no further refinement of the emissions calculation was made to minimize project processing costs.

Potential Future Increases

Potential future emission increases were evaluated for projects in the range of 10-50 tons per year. In contrast to some other California air basins, the San Diego region has few stationary sources emitting over 10 tons per year. In 1996, there were only 67 sites in the region annually emitting over 10 tons of VOC or NO_x. The District typically receives approximately 10 permit applications each year for projects emitting between 10 and 15 tons per year, and this level of application activity is expected to continue. (To include sources with the "potential to emit" 15 tons, sources of this size were considered in assessing potential impacts of repealing the no-net-increase program, even though offset requirements apply only to sources with potential to emit 15 tons or more annually.)

District staff know of only four future projects which may occur at sources with the potential to emit over 15 tons per year. One is a single-event, short-term beach sand replenishment project. However, no information is currently available to project possible emissions resulting from this future project. Another is a proposal by the U.S. Navy for constructing and operating facilities and infrastructure needed to support the homeporting of two nuclear-powered aircraft carriers at Naval Air Station North Island (replacing two conventionally powered carriers). Based on emissions data identified in a recently released Draft Environmental Impact Statement, the maximum state offset requirement associated with this project would be 0.80 tons of NO_x in 2000. A third project is a planned increase in production/testing capacity by a local gas turbine manufacturer. Emission increases (NO_x) are expected but the amounts are not yet certain. However, this manufacturer will be required to comply with federal offset requirements. A fourth project is a gas turbine replacement project that will reduce NO_x emissions (due to BACT) by 30 to 130 tons per year.

Potential future emissions increases from electrical generating plants were also considered in light of deregulation of the electrical utility industry. In September 1998, San Diego Gas and Electric (SDG&E), the primary electricity vendor in the region, pledged to sell one generating plant to the San Diego Unified Port District, which expects to retire the plant within a few years and develop hotels and commercial facilities at the site. Another proponent is expected to develop a replacement facility generating fewer emissions. However, no proposals for future plant development have been received by the District, and no serious implementation discussions have taken place between District staff and the project proponent.

Additionally, SDG&E has announced plans to sell the remainder of its generating facilities. These facilities are currently subject to a declining cap on allowable emissions consistent with District Rule 69. Transfer of ownership would require still further reductions. For these reasons, the District does not foresee increased emissions from electrical generating facilities. Further, no information is currently available to forecast emissions resulting from possible land use changes at SDG&E plant sites.

Evaluating the Potential Impact of Repealing No-Net-Increase Program

Two analyses were conducted to determine the potential emissions impact of repealing the no-net-increase program. First, an expected-case emissions impact was examined reflecting a five-year average annual emission increase from new or modified sources exceeding 10 tons per year of VOC or NO_x. This scenario recognizes that shut downs have been the primary source of offsets and adjusts the impact of no-net-increase program repeal accordingly. Second, to be conservative, a worst-case scenario was also examined reflecting a five-year high emission increase from affected sources and very conservative assumptions regarding the sources of offsets.

Expected-Case Analysis

The expected-case emission increase analysis considered emissions through 2010. Following are the assumptions.

- Future yearly emission increases from all new and modified sources emitting over 10 tons annually will equal the historical average annual emissions increase occurring over the past five years from all such sources, 13.71 tons of VOC and 30.31 tons of NO_x (Table 1).
- Total annual emission reductions resulting from shut downs will exceed total annual emission increases from new and modified sources emitting over 10 tons annually. (This is consistent with the previous five-year trend – see Attachment C.) With sufficient effort and expense, these emission reductions could be banked to provide offsets for future emission increases if the no-net-increase program is retained.
- If the no-net-increase program is retained, the percentage of future emission offsets derived from equipment shut downs would equal the percentage of currently banked offsets derived from shut downs, 87% for VOC and 90% for NO_x. (The NO_x offset assumption is conservative since all currently banked NO_x emission reduction credits were derived from shut downs – see Attachment A.) The remaining 13% of VOC offsets and 10% of NO_x offsets would result from voluntary process or control technology improvements.
- Shutdowns and resulting air quality benefits occur regardless of the offset requirements. Accordingly, 87% of future VOC offsets and 90% of future NO_x offsets and associated emission reductions are unaffected by repealing the no-net-increase program.
- Repealing the no-net-increase program would result in foregoing the remaining 13% of VOC emission reductions and 10% of NO_x emission reductions that would have been required. This results in net yearly emission increases of 1.78 tons of VOC (13% of 13.71 tons of VOC) and 3.03 tons of NO_x (10% of 30.31 tons of NO_x).
- The emission increases were not discounted in future years to reflect increasingly stringent federal and state mandates. In reality, the increased emissions would likely be reduced due to future control requirements on affected equipment reflecting greater availability of technologically feasible and cost-effective control equipment, and lower-emitting process materials.

Analysis Demonstration

Results of the expected-case emission increase analysis are shown in Tables 2 and 3 and Figures 1 and 2. The impact of repealing the no-net-increase program is assumed to begin in 1999. Data from 1990 and 1995 are included to indicate historical trends. Although it is not the horizon year of the analysis, the year 2000 is of interest because state law requires reconsidering the need for a no-net-increase program during each triennial plan revision, next scheduled for year 2000. In 2000, the expected-case emission increase would be 0.01% and 0.01% of projected regionwide emissions of VOC and NO_x, respectively (Tables 2 and 3). In 2010, the expected-case emission increase would be 0.03% and 0.07% of projected regionwide emissions of VOC and NO_x, respectively. The magnitude of these emission increases is negligible, as illustrated in Figures 1 and 2.

ARB guidance indicates the critical test of whether or not a district's no-net-increase program is needed is the impact of program elimination on total regional emissions. Between 1995 and 2010, total regional VOC and NO_x emissions in San Diego County are projected to decrease 32.1% and 40.2%, respectively, indicating substantial progress toward attaining the state ozone standard. Repealing the no-net-increase program would not affect these values nor the trend of steadily decreasing emissions through 2010 and represents a *de minimis* difference, as illustrated in Figures 1 and 2. In accordance with ARB guidance, this shows the no-net-increase program is not necessary to meet state ambient air quality standards in San Diego County by the earliest practicable date.

To be conservative, the District also examined the expected-case impact on stationary source emissions alone, although this analysis is not required by state law nor ARB guidance. In 2010, the expected-case emission increase would be 0.1% and 0.9% of projected stationary source emissions of VOC and NO_x, respectively. Comparing the long-term impacts with and without this impact, between 1995 and 2010, regionwide stationary source-related VOC emissions are projected to increase 42.1% (due to population and industrial sector growth) if the no-net-increase program is retained, and 42.2% if the program is repealed. Between 1995 and 2010, regionwide stationary source-related NO_x emissions are projected to decrease 27.3% if the no-net-increase program is retained, and 26.6% if the program is repealed. Therefore, repealing the no-net-increase program would not significantly adversely affect stationary source-related emissions through 2010.

Worst-Case Analysis

To be conservative, the District performed a worst-case emissions impact analysis characterized by very conservative assumptions, purposely overstating potential impacts. Following are the assumptions.

- Future yearly emission increases from all new and modified businesses emitting over 10 tons annually will equal the highest annual emission increase over the past five years from such businesses, 32.11 tons of VOC and 54.57 tons of NO_x occurring in 1993 (Table 1).
- The 1993 emission increases are overestimated due to less-refined emission calculation methods used prior to 1994 adoption of the state no-net-increase program (e.g., maximum possible daily emissions from new equipment were assumed to occur every day).
- It was assumed repealing the no-net-increase program would result in foregoing all emission reductions that would have been required. In reality, the primary source of offsets is equipment or plant shut downs (see Attachment A). These reductions will continue to occur without the state no-net-increase program. However, no credit was taken for these continuing emission reductions.

Analysis Demonstration

- The emission increases were not discounted in future years to reflect increasingly stringent federal and state mandates. In reality, the increased emissions would likely be reduced due to future control requirements on affected equipment reflecting greater availability of technologically feasible and cost-effective control equipment, and lower-emitting process materials.
- The 1993 emission increases are assumed to be above and beyond forecasted emissions growth from stationary sources. In reality, emission projections used in developing the 1991 RAQS, subsequent RAQS updates, and the impact analysis contained here already account for anticipated increased emissions from industrial sector growth, including new and modified businesses subject to state offset requirements. Further, the emission projections do not presume any emission reductions resulting from offsets. Therefore, the emission increases associated with the worst-case scenario are already incorporated into projected stationary source emissions inventories (Figures 1 and 2), and are already accounted for in air quality planning.

In 1993, annual emission increases (the portion to be offset) from new and modified permits emitting over 10 tons per year was approximately 32 tons of VOC and 55 tons of NO_x (Table 1). To put the magnitude of these emission increases into perspective, 32 tons of VOC per year is less than the emissions increases that could currently be approved without offsets from three small new businesses that emit less than 15 tons per year. Similarly, 55 tons of NO_x per year is less than the emissions increases that could be approved without offsets from four small new businesses for the same reason.

Results of the worst-case emission increase analysis are shown in Tables 4 and 5 and Figures 3 and 4. In 2000, the worst-case increase would be 0.1% and 0.2% of projected regionwide emissions of VOC and NO_x, respectively (Tables 4 and 5). In 2010, the worst-case emission increase would be 0.6% and 1.3% of projected regionwide emissions of VOC and NO_x, respectively.

Between 1995 and 2010, total regional VOC and NO_x emissions in San Diego County are projected to decrease 32.1% and 40.2%. Assuming the worst-case emission increase scenario, if the no-net-increase program is repealed, total regional VOC and NO_x emissions are projected to decrease 31.7% and 39.5%, respectively. As illustrated in Figures 3 and 4, this worst-case impact would not affect the trend of steadily decreasing emissions through 2010 and represents a *de minimis* difference. Therefore, even assuming overly conservative worst-case emission impacts, the no-net-increase program is not necessary to meet state ambient air quality standards in San Diego County by the earliest practicable date.

The District also examined the worst-case impact on stationary source emissions alone, although this analysis is not required by state law or ARB guidance. In 2010, the worst-case emission increase would be 1.5% and 13.8% of projected stationary source emissions of VOC and NO_x, respectively. Comparing the long-term impacts with and without this impact, between 1995 and 2010, regionwide stationary source-related VOC emissions are projected to increase 42.1% if the no-net-increase program is retained, and 44.2% if the program is repealed (assuming the worst-case emission increase scenario). Between 1995 and 2010, regionwide stationary source-related NO_x emissions are projected to decrease 27.3% if the no-net-increase program is retained, and 15.6% if the program is repealed. However, even assuming this worst-case emission impact on stationary sources, the overall trend of decreasing total VOC and NO_x emissions through 2010 would continue.

3. Achieve and Maintain State Air Quality Standards by the Earliest Practicable Date

Pursuant to ARB guidance, documentation demonstrating compliance with this requirement should include:

- A reasonable projected emissions inventory for stationary sources, in tons per year, beginning with the most recent inventory through a reasonable planning horizon, such as the time frame used in triennial plan updates.
- A reasonable projected emissions inventory for mobile and area sources, in tons per year, beginning with the most recent inventory through a reasonable planning horizon, such as the time frame used in triennial plan updates.
- A projected total annual emissions inventory that will be represented by the sum of stationary, mobile and area annual emissions inventories.

The stationary, mobile, and area source emission projections used in conducting the analysis contained herein were provided by ARB (Emissions Inventory branch, July 22, 1998) and are based on the most recent ARB-approved emissions inventory for San Diego County. These emission projections are consistent with ARB guidance.

4. Transport Mitigation

Districts within areas of origin of transported air pollution, identified pursuant to §70500(c) of Title 17 of the California Code of Regulations, are subject to transport mitigation requirements established by H&SC §39610. San Diego County has not been identified as an area of origin of transported air pollution.

EMISSIONS IMPACT TRACKING AND REPORTING

Pursuant to ARB guidance, a tracking system will be implemented to track and evaluate the impact of repealing the no-net-increase program on the District's ability to meet state ambient air quality standards by the earliest practicable date. The District will triennially report to ARB the annual emission reductions that would have been provided in the preceding three-year period had the no-net-increase provisions remained in place. This information will be compared to the potential emission increases projected for the three-year period when the District made its most-recent findings that the no-net-increase program is not necessary for local attainment of state ambient air quality standards, and to the most-current total and stationary source emissions inventories and projections, to determine whether the no-net-increase program is necessary to meet state ambient air quality standards by the earliest practicable date.

Table 1
1993-1997 Incremental Emission Increases (Tons/Year) from
Facilities Annually Emitting Over 10 Tons of Ozone Precursor Emissions*

Pollutant	Year					Average
	1993	1994	1995	1996	1997	
VOC	32.11**	9.16	7.52	2.57	17.20	13.71
NOx	54.57**	46.59	6.67	34.14	9.59	30.31
Total	86.68**	55.75	14.19	36.71	26.79	44.02

*Represents incremental emission increases subject to offset requirements, not entire facility emissions. The corresponding sources are listed in Attachment B. (Sources over 10 tons were included because they were considered to have the potential to emit 15 tons, although offset requirements were applied only to sources exceeding 15 tons of actual emissions.)

**Emission increases in 1993 are overestimated due to less-refined emission calculation methods used prior to 1994 adoption of the state no-net-increase program. Additionally, the 1993 data include unusual short-term permitting projects that are unlikely to be repeated in the future.

Table 2
Total Regionwide VOC Emissions (Tons/Year)
Including Expected-Case No-Net-Increase Program Repeal Impact

Year	Stationary Sources		Area Sources*	Mobile Sources*	Total	% Increase from Program Repeal
	Existing Inventory*	Expected-Case Increase from Program Repeal**				
1990	18,141	-	17,338	83,585	119,063	-
1995	18,141	-	18,031	62,671	98,842	-
2000	19,090	4	16,571	40,296	75,961	0.01%
2005	21,973	12	17,411	30,003	69,399	0.02%
2010	25,769	21	17,958	23,360	67,108	0.03%

*Stationary, area, and mobile source inventory/projections from Air Resources Board, Emissions Inventory branch, dated July 22, 1998. (Area Sources include wildfire emissions.)

**Assumes an increase of 1.78 tons per year accumulating each year starting in 1999 from sources potentially subject to offsets (>10 tpy). (e.g., 2000 increase = $1.78 \times 2 = 3.56$)

Table 3
Total Regionwide NO_x Emissions (Tons/Year)
Including Expected-Case No-Net-Increase Repeal Impact

Year	Stationary Sources		Area Sources*	Mobile Sources*	Total	% Increase from Program Repeal
	Existing Inventory*	Expected-Case Increase from Program Repeal**				
1990	6,315	-	1,898	92,601	100,813	-
1995	5,621	-	2,008	78,877	86,505	-
2000	4,344	6	2,227	58,692	65,268	0.01%
2005	3,614	21	2,409	50,042	56,085	0.04%
2010	4,088	36	2,519	45,114	51,757	0.07%

*Stationary, area, and mobile source inventory/projections from Air Resources Board, Emissions Inventory branch, dated July 22, 1998. (Area Sources include wildfire emissions.)

**Assumes an increase of 3.03 tons per year accumulating each year starting in 1999 from sources potentially subject to offsets (>10 tpy). (e.g., 2000 increase = 3.03 x 2 = 6.06)

Table 4
Total Regionwide VOC Emissions (Tons/Year)
Including Worst-Case No-Net-Increase Repeal Impact

Year	Stationary Sources		Area Sources*	Mobile Sources*	Total	% Increase from Program Repeal
	Existing Inventory*	Expected-Case Increase from Program Repeal**				
1990	18,141	-	17,338	83,585	119,063	-
1995	18,141	-	18,031	62,671	98,842	-
2000	19,090	64	16,571	40,296	76,021	0.01%
2005	21,973	224	17,411	30,003	69,611	0.03%
2010	25,769	385	17,958	23,360	67,472	0.06%

*Stationary, area, and mobile source inventory/projections from Air Resources Board, Emissions Inventory branch, dated July 22, 1998. (Area Sources include wildfire emissions.)

**Assumes historic high (1993) emissions increase of 32.11 tons per year accumulating each year starting in 1999 from sources potentially subject to offsets (>10 tpy). (e.g., 2000 increase = 32.11 x 2 = 64.22)

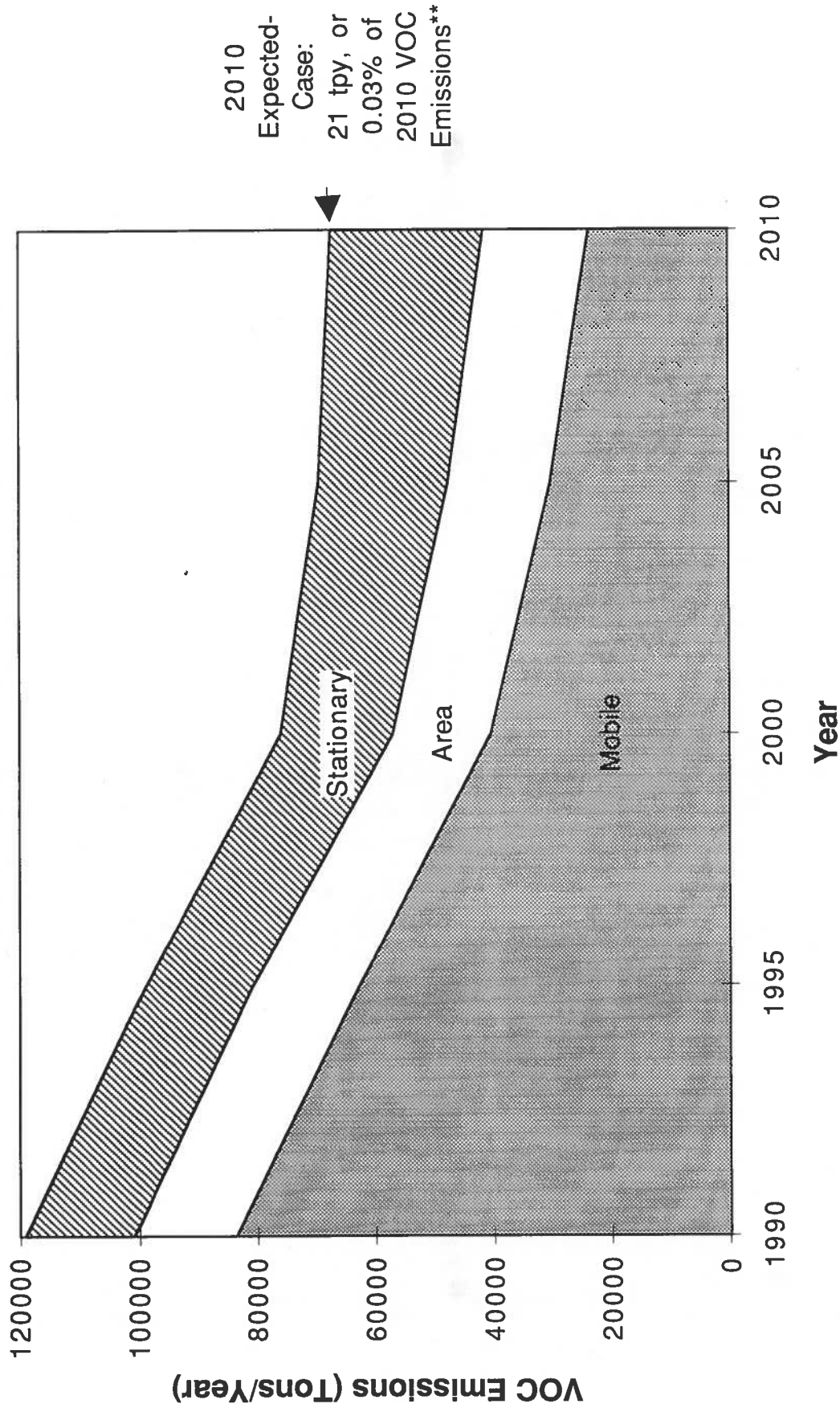
Table 5
Total Regionwide NO_x Emissions (Tons/Year)
Including Worst-Case No-Net-Increase Repeal Impact

Year	Stationary Sources		Area Sources*	Mobile Sources*	Total	% Increase from Program Repeal
	Existing Inventory*	Expected-Case Increase from Program Repeal**				
1990	6,315	-	1,898	92,601	100,813	-
1995	5,621	-	2,008	78,877	86,505	-
2000	4,344	109	2,227	58,692	65,371	0.2%
2005	3,614	382	2,409	50,042	56,446	0.7%
2010	4,088	655	2,519	45,114	52,376	1.3%

*Stationary, area, and mobile source inventory/projections from Air Resources Board, Emissions Inventory branch, dated July 22, 1998. (Area Sources include wildfire emissions.)

**Assumes historic high (1993) emissions increase of 54.57 tons per year accumulating each year starting in 1999 from sources potentially subject to offsets (>10 tpy). (e.g., 2000 increase = $54.57 \times 2 = 109.14$)

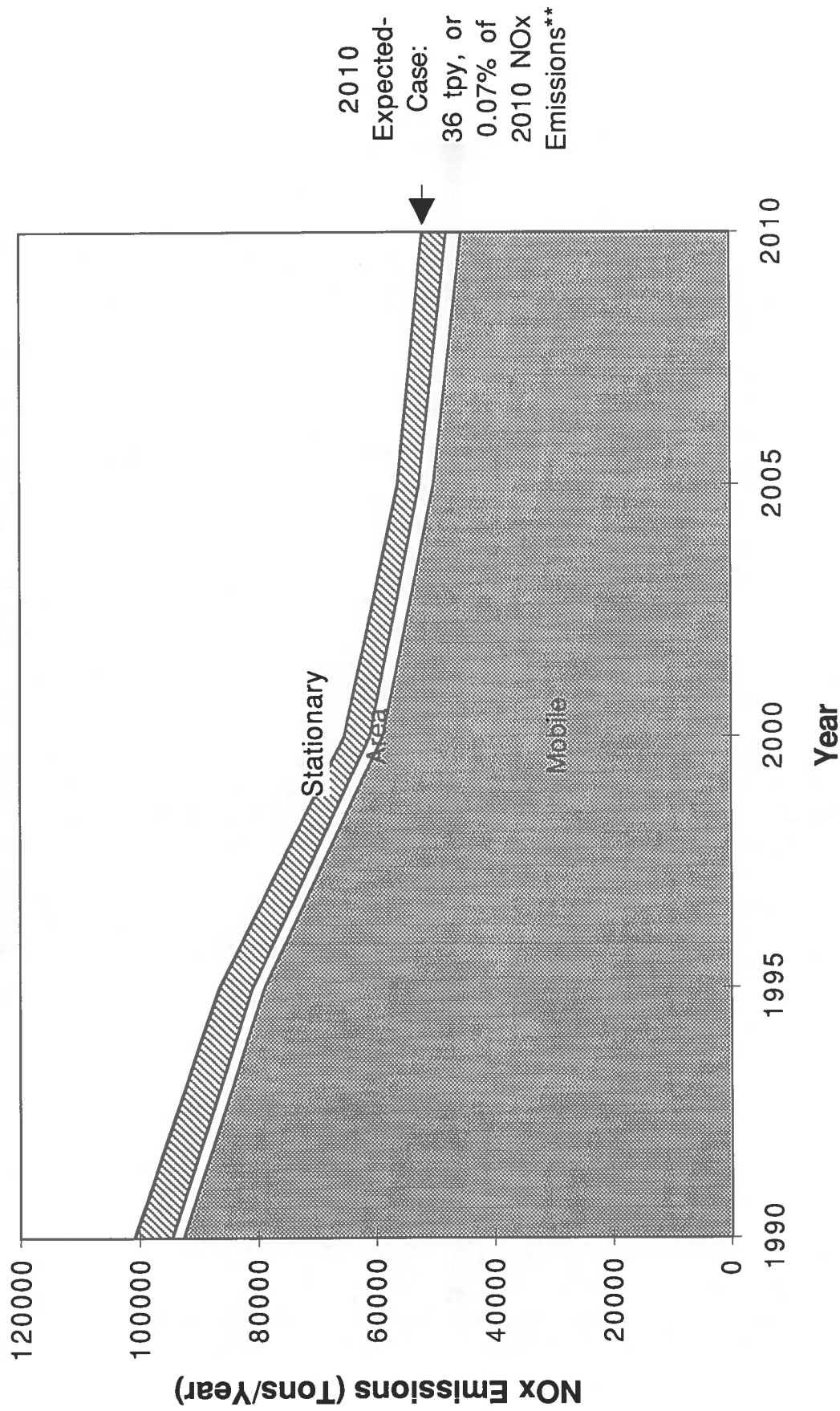
Figure 1
1990-2010 VOC Emissions
Expected-Case No-Net-Increase Repeal Impact*



*Expected-case assumes: historic average increases from sources >10 tpy; shutdowns comprise 87% of foregone offsets. (See Table 2 for data points.)

**Increase not of sufficient magnitude to be visible at this scale.

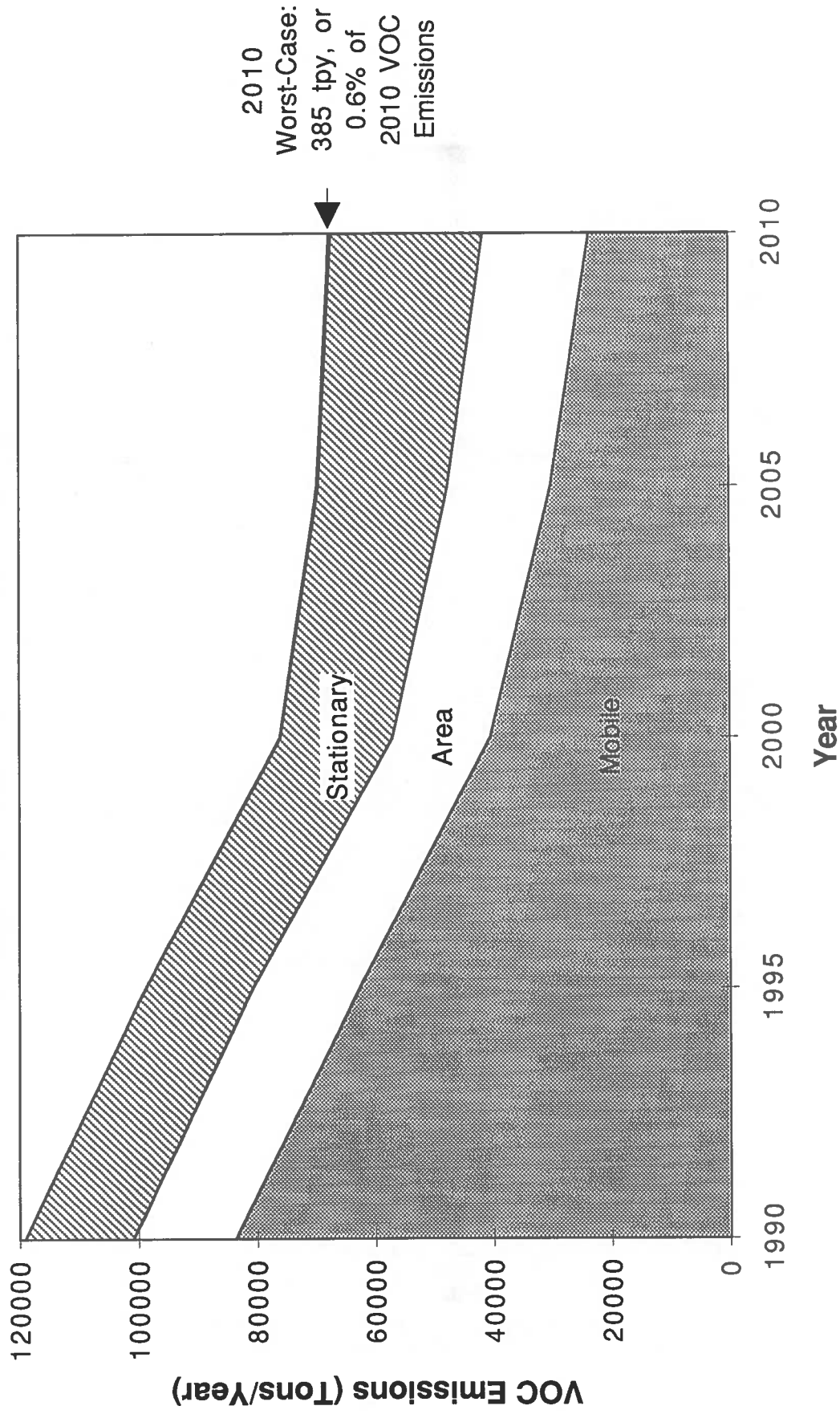
Figure 2
1990-2010 NOx Emissions
Expected-Case No-Net-Increase Repeal Impact*



*Expected case assumes: historic average increases from sources >10 tpy; shutdowns comprise 90% of foregone offsets. See Table 3 for data points.

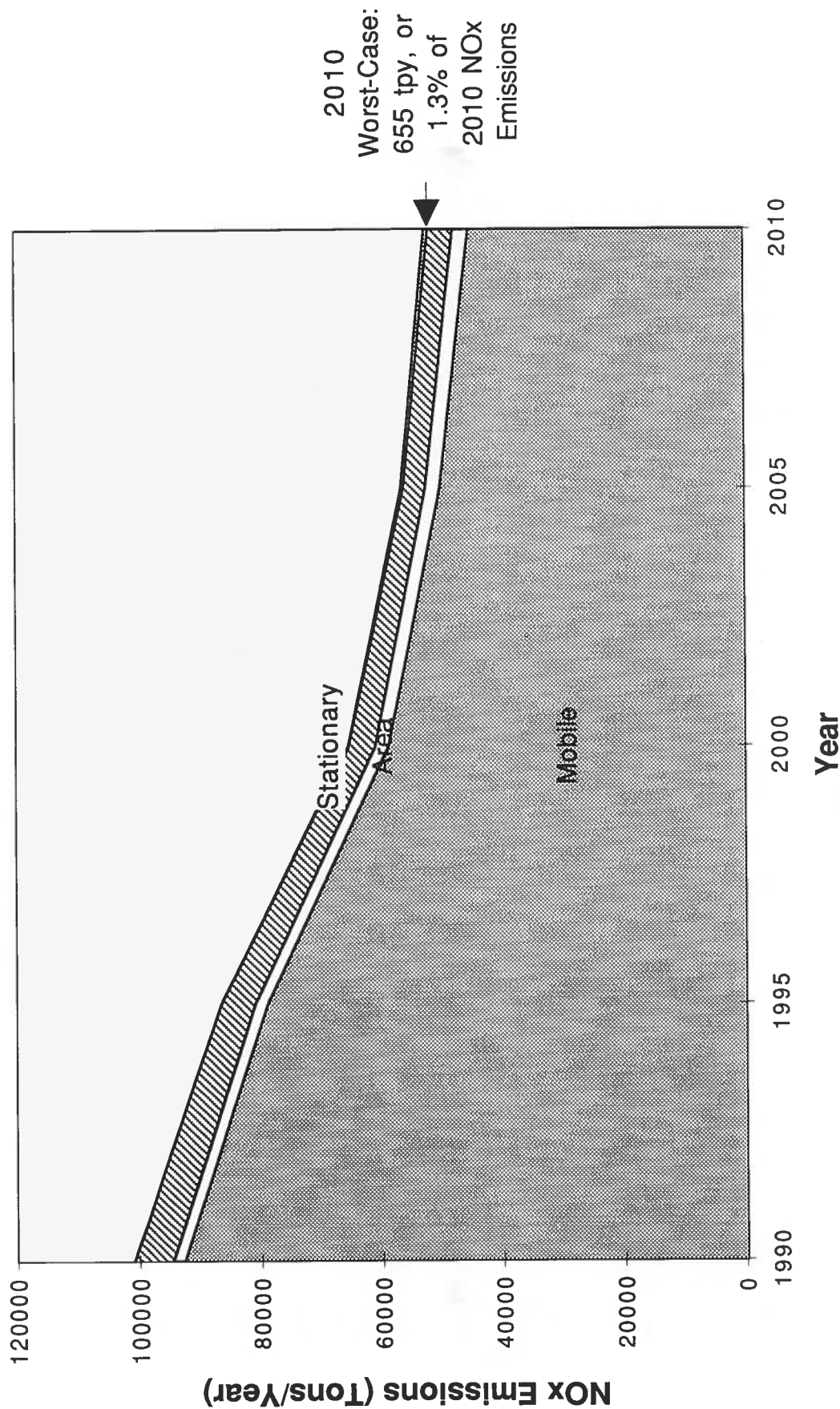
**Increase not of sufficient magnitude to be visible at this scale.

Figure 3
1990-2010 VOC Emissions
Worst-Case No-Net-Increase Repeal Impact*



Worst-case conservatively assumes: historic high increases from sources >10 tpy; emission increases above and beyond forecasted emissions growth; shutdowns (currently the source of 87% of VOC offsets) will not occur. See Table 4 for data points.

Figure 4
1990-2010 NOx Emissions
Worst-Case No-Net-Increase Repeal Impact*



Worst-case conservatively assumes: historic high increases from sources >10 tpy; emission increases above and beyond forecasted emissions growth; shutdowns (currently the source of 100% of NOx offsets) will not occur. See Table 5 for data points.

ATTACHMENT A
ANALYSIS DEMONSTRATION

SOURCE OF EMISSION OFFSETS

Where required, emission offsets are usually obtained by paying another company that has voluntarily reduced its emissions in return for the rights to the resulting emission reduction credits. Emission reduction credits may only be granted for emission reductions which are not required by local, state, or federal mandates. These credits are approved and recorded (banked) in an offset bank and tracked by the District. Depending on the timing of credit availability and demand from expanding or new businesses, offset credits may be retained temporarily in the offset bank.

District analysis of the offset bank (Tables A-1 and A-2) indicates that, of the small amount of emission reduction credits currently banked, 87% of VOC credits and 100% of NOx credits resulted from equipment or plant shutdowns, which occurred as a normal course of business activity independent of the no-net-increase program. The remaining 13% of VOC credits (and 0% of NOx credits) resulted from process or control technology improvements. These were motivated by process or product improvement considerations which the creation of emission reduction credits may have been a factor.

As state and federal emission control requirements become more stringent (reflecting greater availability of technologically feasible and cost-effective control equipment and lower-emitting process materials), opportunities to create additional emission reduction credits from process improvements or emission controls will become much more limited and expensive. Consequently, reliance on equipment or plant shutdowns as the primary source of emission reductions creating offsets is expected to be near 100%. Therefore, the no-net-increase program will have an increasingly negligible air quality benefit, since these types of reductions will occur without the no-net-increase program.

Table A-1
Summary of Banked Emission Reduction Credits (tons per year)
1998

VOC	% VOC	NOx	% NOx	Total	% Total	Source
227.93	87%	63.05	100%	290.98	90%	Shutdown
33.30	13%	0.0	0%	33.30	10%	Process modification
261.23	100%	63.05	100%	324.28	100%	--

Table A-2
Source of Banked Emission Reduction Credits (tons per year)
1998

Source	VOC	NOx	Reduction Source
Aldila	7.4	--	Shutdown (Equipment)
Calbiochem	9.08	--	Shutdown (Equipment)
Carpenter Technical	2.4	--	Shutdown (Equipment)
General Dynamics	66.2	21.9	Shutdown (Entire Facility)
Hughes	1.28	--	Shutdown (Equipment)
Napp	18.1	--	Process Modification
Nassco	0.62	0.54	Shutdown (Equipment)
Ralston-Purina	2.1	13.8	Shutdown (Entire Facility)
San Diego Gas & Electric	1.0	20.8	Shutdown (Equipment)
San Diego Union-Tribune	15.2	--	Process Modification
SCE	0.02	0.51	Shutdown (Equipment)
Sequentia	93.0	--	Shutdown (Entire Facility)
Solar Turbines	8.8	--	Shutdown (Equipment)
Sony	0.54	--	Shutdown (Equipment)
Tanpac	25.15	--	Shutdown (Entire Facility)
U.S. Naval Aviation Depot	1.15	--	Shutdown (Equipment)
U.S. Naval Station	1.33	5.50	Shutdown (Equipment)
Unisys Corp.	7.86	--	Shutdown (Equipment)
TOTAL	261.23	63.05	--

1993 Emissions Increases

ATTACHMENT B

I.D.	Equipment Description	App. No.	Emission Increases (tpy) in AB 3319 Demo	Offsets Discussion
1969A	Emergency generator	921056	0.49 NOx	1993 actions pre-date 5/17/94 NSR rules with state offset requirement.
1969A	Emergency fire pump	910819	0.54 NOx	"
2094A	Stain dip tank	930048	3.20 ROG	"
233A	Diesel engine	900949	0.74 NOx	"
253A	IC Engine	921303	2.90 NOx 2.30 ROG	"
301A	Cold solvent degreaser	920563	0.25 ROG	"
301A	Cold solvent degreaser	920564	0.25 ROG	"
301A	Cold solvent degreaser	921572	0.25 ROG	"
301A	Cold solvent degreaser	921304	0.25 ROG	"
301A	Cold solvent degreaser	930489	0.25 ROG	"
301A	Aerospace adhesive & sealant op	921039	0.60 ROG	"
301A	Preservative compound application	921040	5.70 ROG	"
333A	Dredging engines	920895	23.42 NOx	"
344A	Diesel engine	930292	5.54 NOx 0.22 ROG	"
388A	Aerospace coating application station	921119	4.37 ROG	"
402A	Diesel engine	930062	5.99 NOx	"
402A	Emergency generator	930230	0.30 NOx	"
402A	Emergency generator	930229	0.30 NOx	"
402A	IC Engine	920927	0.30 NOx	"
4821A	Cold solvent degreaser	921157	0.06 ROG	"
4821A	Cold solvent degreaser	921154	0.03 ROG	"
4821A	Cold solvent degreaser	921155	0.32 ROG	"
4821A	Cold solvent degreaser	921156	0.31 ROG	"
4824A	2 IC Engines	930053-4	0.21 ROG	"

1993 Emissions Increases

I.D.	Equipment Description	App. No.	Emission Increases (tpy) in AB 3319 Demo	Offsets Discussion
4824A	2 IC Engines	930159-60	0.21 ROG	"
4824A	2 IC Engines	930182-3	0.72 ROG	"
4824A	IC Engine	930248	0.11 ROG	1993 actions pre-date 5/17/94 NSR rules with state offset requirement
4824A	Cold solvent degreaser	930472	0.25 ROG	
4824A	Cold solvent degreaser	930473	0.25 ROG	
4828A	Engine	920876	1.71 NOx	"
4828A	Engine	921001	2.54 NOx	"
4828A	Cold solvent degreaser	930290	0.06 ROG	"
4828A	Remote reservoir cleaner	921004	0.25 ROG	"
4828A	Remote reservoir cleaner	921003	0.25 ROG	"
4828A	Remote reservoir cleaner	921005	0.25 ROG	"
4828A	Remote reservoir cleaner	921006	0.25 ROG	"
4828A	Remote reservoir cleaner	921007	0.25 ROG	"
4828A	2 Generators	930044-5	0.01 ROG	"
4828A	2 Generators	930046-7	0.05 ROG	"
4833A	Generator	921248	0.07 NOx	"
4833A	Generator	921249	0.07 NOx	"
4833A	Generator	921250	0.09 NOx	"
4833A	Generator	921251	0.09 NOx	"
4833A	Generator	921252	0.09 NOx	"
4833A	Generator	921253	0.09 NOx	"
4833A	Generator	921257	0.10 NOx	"
4833A	Generator	921258	0.10 NOx	"
4833A	Generator	921259	0.10 NOx	"
4833A	Generator	921260	0.10 NOx	"
4833A	Generator	921261	0.10 NOx	"
4833A	Generator	921262	0.10 NOx	"

1993 Emissions Increases

I.D.	Equipment Description	App. No.	Emission Increases (tpy) in AB 3319 Demo	Offsets Discussion
4833A	Generator	921263	2.44 NOx	"
4833A	Generator	921264	2.44 NOx	"
4833A	Diesel engine	921472	0.25 NOx	"
4833A	Diesel engine	921473	0.25 NOx	1993 actions pre-date 5/17/94 NSR rules with state offset requirement.
4833A	Engine	921474	0.15 NOx	
5522A	FRG boat mfg. line modification	921336	7.50 ROG	
556A	Generator	921478	3.17 NOx	"
5608A	Modification to maskant stripping process	921125	0.40 ROG	"
5616A	Cold solvent degreaser	930393*	0.25 ROG	"
703A	Cold solvent dip tank	930480	0.25 ROG	"
87050A	Modification to coating station	930100	0.20 ROG	"
935A	Modify production limits on 3 paint mfg. process line P/O's	930400	1.10 ROG	"
935A	Can filling line	930165	0.40 ROG	"
*This application was erroneously duplicated in the emissions tally for AB 3319.				

1994 Emissions Increases

ATTACHMENT B

ID	Equipment Description	App. No.	Emission Increases (tpy) in AB3319 Demo	Offsets Discussion
156A	Soil remediation	940219	0.34 ROG	Offsets deferred. Application subsequently cancelled.
1976A	Ink reclamation system modification	931045	0.01 ROG	Emission increase below de minimis amount. Offsets not required.
2183A	Frit coating line	940065	0.14 ROG	Offsets provided.
2183A	Silica coating line	940066	1.55 ROG	Offsets provided.
253A	Remote reservoir cleaner	940414	0.04 ROG	Offsets deferred.
253A	Remote reservoir cleaner	940415	0.04 ROG	Offsets deferred.
253A	Remote reservoir cleaner	940416	0.04 ROG	Offsets deferred.
253A	Degreaser	931052	0.40 ROG	Offsets deferred.
301A	Degreaser	930638	0.15 ROG	Offsets deferred.
333A	Portable abrasive blasting unit w/ IC engine	930938	12.66 NOx	Complete application before 5/17/94. Grandfathered from 5/94 NSR and state offsets.
344A	Diesel engines (2) modification	930850	1.78 ROG 23.13 NOx	Complete application before 5/17/94. Grandfathered from 5/94 NSR and state offsets.
3680A	Emergency generator	940231	0.07 NOx	Offsets deferred.
3680A	Boiler	930808	1.50 NOx	Complete application before 5/17/94. Grandfathered from 5/94 NSR and state offsets.

1994 Emissions Increases

ID	Equipment Description	App. No.	Emission Increases (tpy) in AB3319 Demo	Offsets Discussion
3680A	Boiler	930809	1.50 NOx	Complete application before 5/17/94. Grandfathered from 5/94 NSR and state offsets.
3680A	Boiler	930847	1.34 NOx	Complete application before 5/17/94. Grandfathered from 5/94 NSR and state offsets.
3680A	Boiler	930848	1.34 NOx	Complete application before 5/17/94. Grandfathered from 5/94 NSR and state offsets.
3680A	Portable boiler	930762	1.97 NOx	Complete application before 5/17/94. Grandfathered from 5/94 NSR and state offsets.
368A	Metal inspection tank	930696	0.59 ROG	Approved prior to 5/17/94. Grandfathered from 5/94 NSR and state offsets.
368A	Degreaser	930693	1.10 ROG	Approved prior to 5/17/94. Grandfathered from 5/94 NSR and state offsets.
368A	Degreaser	930694	0.0 ROG	Approved prior to 5/17/94. Grandfathered from 5/94 NSR and state offsets.
402A	Two emergency generators	930674	2.92 NOx	Approved prior to 5/17/94. Grandfathered from 5/94 NSR and state offsets.
4828A	Emergency generator	940033	0.06 NOx	Missing permit file. Offsets???
4828A	Emergency generator	940068	0.04 NOx	(same)

1994 Emissions Increases

ID	Equipment Description	App. No.	Emission Increases (tpy) in AB3319 Demo	Offsets Discussion
4828A	Tactical air compressors	940418	0.0 NOx	(same) Tactical support equipment now exempt from permit. Application subsequently cancelled.
4828A	Tactical arc welder	940419	0.0 NOx 0.0 ROG	(same) Tactical support equipment now exempt from permit. Application subsequently cancelled.
4828A	Tactical arc welder	940421	0.0 ROG	(same) Tactical support equipment now exempt from permit. Application subsequently cancelled.
4833A	Emergency generator	940523	0.06 NOx	Offsets deferred.
5608A	PCB screen printing modification	930487	2.60 ROG	Approved prior to 5/17/94. Grandfathered from 5/94 NSR and state offsets.
703A	Degreaser	930686	0.12 ROG	Approved prior to 5/17/94. Grandfathered from 5/94 NSR and state offsets.

1995 Emissions Increases

ATTACHMENT B

ID No.	Equipment Description	App. No.	Emission Increases (tpy) in AB 3319 Demo	Offset Discussion
1976A	Cold solvent degreaser modification	941150	0.36 ROG	Offsets deferred.
201A	Groundwater remediation/gasoline storage tank	950370	0.99 ROG	Offsets deferred.
333A	Remote reservoir cleaner	941134	0.01 ROG	Emission increase below deminimis level. Offsets not required.
333A	Remote reservoir cleaner	941133	0.01 ROG	(same)
344A	Cold solvent dip tank	950308	0.22 ROG	Offsets deferred.
344A	Cold solvent dip tank	950309	0.22 ROG	Offsets deferred.
351A	Emergency generator	950169	0.20 NOx	Included in 1996 tally.
351A	Emergency generator	950170	0.10 NOx	Included in 1996 tally.
3680A	Flares	940632	2.90 NOx	Application cancelled.
402A	Emergency engine-generator set	941052	0.10 NOx	Offsets deferred.
402A	Emergency engine-generator set	941090	0.43 NOx	Offsets deferred.
4821A	Cold solvent dip tank	940621	0.30 ROG	Offsets deferred.
4821A	Cold solvent dip tank	940622	0.30 ROG	Offsets deferred.
4821A	Emergency engine-generator set	940851	0.46 NOx	Offsets deferred.
4824A	5 IC Engines	940586-91	0.20 ROG	App cancelled.
4828A	Emergency fire pump	940913	0.04 NOx	Missing file. Offsets deferred?
4828A	Emergency engine-generator set	940914	0.03 NOx	(same)
4828A	Emergency engine-generator set	940915	0.03 NOx	(same)
4828A	Emergency engine-generator set	940916	0.03 NOx	(same)
4828A	Emergency engine-generator set	940918	0.08 NOx	(same)
4828A	2 Diesel engines	950493	0.16 NOx	Emission decreases sufficient to offset increases.

1995 Emissions Increases

ID No.	Equipment Description	App. No.	Emission Increases (tpy) in AB 3319 Demo	Offset Discussion
4828A	Solvent recovery still	940683	0.03 ROG	Emission increase below de minimus level of 0.05 tpy requiring offsets.
4828A	Emergency diesel engine	940593	0.38 NOx 0.02 ROG	Emission decreases sufficient to offset increases.
4828A	4 Tactical air compressors	940920	0.01 ROG	Tactical support equipment now exempt from permit. Application cancelled.
4828A	10 Tactical hydraulic test stands	940879	0.23 ROG	Tactical support equipment now exempt from permit. Application cancelled.
4828A	8 Tactical air compressors	940880	0.13 ROG	Tactical support equipment now exempt from permit. Application cancelled.
4828A	14 Tactical air compressors	940881	0.20 ROG	Tactical support equipment now exempt from permit. Application cancelled.
4828A	Tactical generator	940912	0.05 ROG	Tactical support equipment now exempt from permit. Application cancelled.
4828A	33 Tactical generators	940936	1.72 ROG	Tactical support equipment now exempt from permit. Application cancelled.
4828A	Boiler	941008	0.40 ROG	Existing equipment previously exempt per Rule 11. Exempt from NSR and offsets.
4828A	Boiler	941009	0.30 ROG	(same)

1995 Emissions Increases

ID No.	Equipment Description	App. No.	Emission Increases (tpy) in AB 3319 Demo	Offset Discussion
4828A	Boiler	941010	0.30 ROG	(same)
4828A	Boiler	941011	0.30 ROG	(same)
4828A	Boiler	941012	0.40 ROG	(same)
4828A	Air compressor	941132	1.23 NOx 0.02 ROG	Application incomplete. Authority to Construct not issued.
4845A	IC Engine	950063	0.50 NOx	Included in 1996 tally.
5608A	Maskant stripping tank replacement	940547	0.80 ROG	No emission increase with replacement. Offsets not required.
203A	Biomass fermentation process	940979	1.40 ROG	

**1996 Emissions Increases
ATTACHMENT B**

ID No.	Equipment Description	App. No.	Emission Increases (tpy) in AB3319 Demo	Offsets Discussion
253A	Diesel engine driving crane-modification	950282	31.0 NOx 1.78 ROG	Permitted to share existing fuel limit with previously permitted engine. No net emissions increase. Offsets not required.
351A	Emergency generator	950169	0.21 NOx 0.001 ROG	Offsets deferred.
351A	Emergency generator	950170	0.07 NOx 0.004 ROG	Offsets deferred.
4824A	Arresting IC engine	960560	0.07 NOx	Exempt from NSR, including offsets, per Rule 20.1(b)(7) (1994 version).
4824A	Arresting IC engine	960561	0.07 NOx	Exempt from NSR, including offsets, per Rule 20.1(b)(7) (1994 version).
4824A	Arresting IC engine	960562	0.07 NOx	Exempt from NSR, including offsets, per Rule 20.1(b)(7) (1994 version).
4824A	Arresting IC engine	960563	0.07 NOx	Exempt from NSR, including offsets, per Rule 20.1(b)(7) (1994 version).
4824A	Arresting IC engine	960564	0.07 NOx	Exempt from NSR, including offsets, per Rule 20.1(b)(7) (1994 version).
4824A	Arresting IC engine	960565	0.07 NOx	Exempt from NSR, including offsets, per Rule 20.1(b)(7) (1994 version).
4828A	Emergency generator	950761	0.11 NOx	Offsets deferred.
4845A	IC Engine	950063	2.29 NOx 0.03 ROG	Redesignation of military base stationary source; offsets not required.
4845A	IC Engine	950164	0.04 NOx 0.001 ROG	Increase below de minimis. Offsets not required.
703A	Flexography plate processor testing station	950286	0.75 ROG	Offsets provided.

**1997 Emissions Increases
ATTACHMENT B**

I.D.	Equipment Description	App. No.	Emission Increases (tpy) in AB3319 Demo	Offsets Discussion
89211A	Printed circuit board process modification	961997	6.5 ROG	Facility under variance to 12/31/98 to allow source tests to determine emissions, increases, BACT, and offset requirements.
2183A	Frit mixing	961948	0.79 ROG	Offsets provided.
2183A	Frit drying tunnel	961949	0.79 ROG	Offsets provided.
2183A	Frit application	961950	0.79 ROG	Offsets provided.
2183A	2 Gas generator and blackening oven process lines	961952	0.01 ROG	Emission increase below de minimis level. Offsets not required.
935A	Paint filling machine	970098	0.97 ROG	Offsets deferred.
344A	Remote reservoir cleaner	961986	0.11 ROG	Offsets deferred.
4821A	Gasoline dispensing (retail)	961830/ 970125	4.54 ROG	Offsets not addressed.
333A	Marine coating operation	961265	0.99 ROG	Offsets deferred.
6129A	Chemical vapor deposition system modification	970796	0.40 ROG	Permitted at requested usage. EI showed emissions >10 tpy but <15 tpy. Permitted with facility cap of 15 tpy.
3680A	IC Engine	961168	2.43 NOx	Offsets required.
3680A	IC Engine	961169	2.43 NOx	Offsets required.
171A	Boiler	961588	1.73 NOx	Backup to existing boiler taken out of service for Rule 69.2 retrofit. After retrofit new boiler will only be used as emergency backup. No net emissions increase.
253A	Diesel engine	961714	3.00 NOx 0.50 ROG	Offsets required in A/C; not yet operating.
4828A	Soil remediation	960115	0.42 ROG	Offsets deferred.
4828A	Groundwater decontamination	960116	0.20 ROG	Offsets deferred.
4828A	Soil remediation	961160	0.20 ROG	Offsets deferred.

ATTACHMENT C

UNBANKED SHUTDOWNS

The expected-case analysis assumes emission reductions due to shutdowns will exceed emissions growth from new or modified sources currently subject to state offset requirements. This assumption was based on an analysis of 1993-1997 data to determine the quantity of unbanked emission reductions attributable to shutdowns compared to increased emissions in those years from sources emitting 10 tons or more per year. Banked emission reductions were not included, nor were dry cleaning or gas station operation shutdowns. The emission decreases were discounted as appropriate to reflect Reasonably Available Control Technology (RACT) requirements, as would have been required had the emission reductions been banked.

As seen in Table C-1, 1993-1997 VOC and NOx emission increases from sources emitting more than 10 tons or more per year were exceeded by reductions from unbanked shutdowns in each year.¹ Accordingly, considering the effect of future unbanked shutdowns, no net emission impact is expected from repealing the no-net-increase program.

One expected impact of continuing the no-net-increase program is greater expenditure of effort by companies needing offsets to track down and bank emission reductions resulting from shutdowns (discounted appropriately for RACT). This would increase project costs and delays while offsets are located and negotiated for purchase, yet would provide no additional air quality benefit because such emission reductions occur independent of the no-net-increase program.

Table C-1
Annual Emission Increases (Tons) from Sources >10 tons/year
Compared to Unbanked Emission Reductions from Shutdowns

Year	Pollutant	Increase from Sources >10 tons	Unbanked Reduction From shutdowns	Net Emissions Change
1993	VOC	32.11*	-207.61	-175.50
	NOx	54.57*	-76.02	-21.45
1994	VOC	9.16	-196.84	-187.68
	NOx	46.59	-54.19	-7.60
1995	VOC	7.52	-98.75	-91.23
	NOx	6.67	-70.87	-64.20
1996	VOC	2.57	-65.57	-63.00
	NOx	34.14	-8.25	25.89
1997	VOC	17.20	-57.78	-40.58
	NOx	9.59	-19.49	-9.90

*Emission increases in 1993 are overestimated due to less-refined emission calculation methods used prior to 1994 adoption of the state no-net-increase program.

¹In 1996, net VOC emission decreases were more than double the net NOx emission increases. Since the no-net-increase program allows NOx emission increases to be offset by VOC emission decreases on a 2:1 basis, the net NOx emission increases can be considered offset by the net VOC emission reductions.

Air Pollution Control District)
of San Diego County)

NOVEMBER 4, 1998

No. 98-297 **RESOLUTION ADOPTING FINDINGS THAT STATE NO-NET-INCREASE
REQUIREMENTS ARE NOT NECESSARY TO ACHIEVE AND MAINTAIN
STATE AMBIENT AIR QUALITY STANDARDS IN SAN DIEGO COUNTY
BY THE EARLIEST PRACTICABLE DATE**

On motion of Member Slater, Seconded by Member Jacob the
following Resolution is adopted:

WHEREAS, California Health and Safety Code Section 40919 requires local air pollution control agencies in air basins designated as serious nonattainment areas to include in their attainment plans a program designed to achieve no-net-increase in emissions of nonattainment pollutants or their precursors from stationary sources emitting, or having the potential to emit, 15 tons or more per year of nonattainment pollutants;

WHEREAS, the California Air Resources Board has designated San Diego County as a serious ozone nonattainment area;

WHEREAS, on May 17, 1994, the San Diego County Air Pollution Control Board adopted a no-net-increase permitting program for stationary sources emitting, or with the potential to emit, 15 tons per year of nonattainment pollutants;

WHEREAS, California Health and Safety Code Sections 40918.5 and 40918.6 allow non-attainment air pollution control or air quality management districts not classified as extreme nonattainment areas to repeal no-net-increase permitting provisions provided certain actions are taken by the district and state Air Resources Board;

WHEREAS, on October 31, 1997, the Air Resources Board issued guidance addressing the steps to be followed before it can determine the no-net-increase permitting program is not necessary to achieve and maintain the state ambient air quality standards by the earliest practicable date;

WHEREAS, pursuant to Air Resources Board guidance, the San Diego County Air Pollution Control District (District) has completed an analysis of the potential air quality impacts of repealing the no-net-increase program;

WHEREAS, to repeal the no-net-increase program pursuant to Health and Safety Code Section 40918.5, the district's governing board must find, at a public hearing, that, based on quantifiable and substantial evidence, the no-net-increase provision is not necessary to achieve and maintain state ambient air quality standards by the earliest practicable date and the Air Resources Board must make a determination affirming the governing board's finding;

WHEREAS, pursuant to Health and Safety Code Section 40918.5(a)(2)(A), before a finding can be made that the no-net-increase program is not necessary to achieve and maintain the state ambient air quality standards by the earliest practicable date, the district's governing board must have reviewed an estimate of the growth in emissions that is likely to occur as a result of eliminating its no-net-increase permitting program;

10/15/98

- 1 -

Resolution No. 98-297
11/4/98 (APCD 3)

01590
WHEREAS, on November 4, 1998, at a noticed public hearing, the San Diego County Air Pollution Control Board reviewed an estimate of the growth in emissions that is likely to occur as a result of eliminating the no-net-increase permitting program;

WHEREAS, pursuant to Health and Safety Code Section 40918.5(2)(B), before a finding can be made that the no-net-increase program is not necessary to achieve and maintain the state ambient air quality standards by the earliest practicable date, the district's governing board must have complied with Health and Safety Code Section 40914 by adopting or scheduling for adoption every feasible emission control measure;

WHEREAS, on June 17, 1998, the San Diego County Air Pollution Control Board adopted the 1998 Triennial Regional Air Quality Strategy Revision;

WHEREAS, in adopting the 1998 Triennial Regional Air Quality Strategy Revision, the San Diego County Air Pollution Control Board made a finding that every feasible control measure has been adopted or scheduled for adoption;

WHEREAS, on August 27, 1998, the 1998 Triennial Regional Air Quality Strategy Revision was fully approved by the Air Resources Board;

WHEREAS, pursuant to Health and Safety Code Section 40918.5(a)(3), before a finding can be made that the no-net-increase program is not necessary to achieve and maintain the state ambient air quality standards by the earliest practicable date, the district's governing board must find the no-net-increase program is not necessary to comply with Health and Safety Code Section 39610 requirements for transport mitigation;

WHEREAS, San Diego County has not been identified as an area of origin of transported air pollution and is not subject to Health and Safety Code Section 39610 requirements for transport mitigation; and

WHEREAS, amendments to District Rules 20.1 through 20.4 (New Source Review) deleting the state no-net-increase permitting requirements will not be effective until either the Air Resources Board affirms the findings made by this Resolution, or the 60-day period provided by Health and Safety Code Section 40918.5(a)(3) for the Air Resources Board to make such determination has passed and the Air Resources Board has not made a determination;

NOW THEREFORE, IT IS RESOLVED AND ORDERED, that the Air Pollution Control Board of the County of San Diego, in its independent judgment, hereby makes the following findings:

1. Based on quantifiable and substantial evidence, the no-net-increase permitting program is not necessary for the San Diego County Air Pollution Control District to achieve and maintain the state ambient air quality standards by the earliest practicable date;
2. The no-net-increase program is not necessary to comply with Health and Safety Code Section 39610 requirements for transport mitigation;

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3. The San Diego County Air Pollution Control Board has complied with Health and Safety Code Section 40914 by adopting or scheduling for adoption in the 1998 Triennial Regional Air Quality Strategy Revision, every feasible control measure to achieve and maintain state ambient air quality standards.

PASSED AND ADOPTED by the Air Pollution Control Board of the San Diego County Air Pollution Control District, State of California, this 4th day of November, 1998 by the following votes:

AYES: COX, JACOB, SLATER, ROBERTS, HORN

NOES: NONE

ABSENT: NONE

I hereby certify that the foregoing is a full, true and correct copy of the Original Resolution which is now on file in my office.

THOMAS J. PASTUSZKA
Clerk of the Air Pollution Control Board

By: 
PATRICK A. HUNTER



ATTEST TO THE VALIDITY
OF THE RESOLUTION
BY: 
DEPUTY

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

NOVEMBER 4, 1998

No. 98-298

**RESOLUTION AMENDING NEW SOURCE REVIEW
RULES 20.1, 20.2, 20.3 AND 20.4
OF REGULATION IV
OF THE RULES AND REGULATIONS OF THE
SAN DIEGO COUNTY AIR POLLUTION CONTROL DISTRICT**

On motion of Member Slater, seconded by Member Jacob the following resolution is adopted:

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.

NOW THEREFORE IT IS 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 follows:

1. Proposed amendments to Rule 20.1 become effective upon the approval by the state Air Resources Board of the San Diego County Air Pollution Control District's findings pursuant to the Health and Safety Code Section 40918.5. Subsections (d)(5) and (e)(1) of Rule 20.1 are amended to read as follows:

RULE 20.1 - NEW SOURCE REVIEW - GENERAL PROVISIONS

(d) EMISSION CALCULATIONS

(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 Rule 20.1 and Rules 20.3 and 20.4.

- (i) Emission offsets shall consist of actual emission reductions calculated in accordance with Subsection (d)(4)(ii) or shall be Class 'A' ERCs pursuant to Rules 26.0 through 26.10 or a mobile source ERC issued pursuant to Rule 27. In order to be considered an emission offset, actual emission reductions or ERCs must be valid for the life of the emission increase which they are offsetting.

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(ii) In order to qualify as an emission offset, actual emission reductions shall be banked pursuant to District Banking Rules 26.0 through 26.10 or Rule 27, 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 ERCs.

(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 (*effective date*) shall remain valid and enforceable for the life of the Authority to Construct or Permit to Operate, unless specifically modified by the District.

2. Proposed amendments to Rule 20.2 become effective upon the approval by the state Air Resources Board of the San Diego County Air Pollution Control District's findings pursuant to the Health and Safety Code Section 40918.5. Subsection (b)(3), Subsections (d)(5) and (d)(6) are deleted from Rule 20.2, as follows:

RULE 20.2 - NEW SOURCE REVIEW NON - MAJOR STATIONARY SOURCES

(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.

(d) **STANDARDS**

(5) **RESERVED**

(6) **RESERVED**

3. Proposed amendments to Rule 20.3 become effective upon the approval by the state Air Resources Board of the San Diego County Air Pollution Control District's findings pursuant to the Health and Safety Code Section 40918.5. Subsections (d)(5) and (d)(8) of Rule 20.3 are amended to read as follows:

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

(d) **STANDARDS**

(5) **EMISSION OFFSETS**

Except as provided for in Subsection (d)(8), the Air Pollution Control Officer shall not issue an Authority to Construct or modified Permit to Operate 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 as specified below and in Subsections (d)(6), (d)(7) and (d)(8) of this rule. Interpollutant offsets may be used, provided such offsets meet the requirements of Subsection (d)(5)(vi).

(i) Reserved

(ii) Reserved

(iii) Reserved

(iv) Reserved

(v) **Offset Requirements - Air Contaminant Emission Control
Projects Installed Pursuant to District Rules and Regulations**

If emission offsets are required for emission increases from an emission unit resulting from the installation of an air contaminant emission control project to comply with a requirement of these rules and regulations, but not including Rules 20.1, 20.2, 20.3, 20.4, or 20.5, Rules 26.0 through Rule 26.10, inclusive, or Rule 1200, the Air

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Pollution Control Officer may elect to provide a portion or all of the emission offsets through the District 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 (ERCs) from the District Bank, the Air Pollution Control Officer must determine that the following are satisfied:

(A) the air contaminant emission control project satisfies the applicable requirements of these rules and regulations, and

(B) the amount of the ERCs to be obtained from the District Bank do not exceed 10 tons per year on a pollutant specific basis.

(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 - 2 to satisfy the offset requirements of Subsections (d)(5), (d)(6), (d)(7) and (d)(8) of this rule, 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 this rule to determine the final offset ratio.

TABLE 20.3 - 2
Interpollutant Ratio

Emission Increase	Decrease	Interpollutant Ratio
Oxides of Nitrogen (NOx)	NOx	1.0
	VOC	2.0
Volatile Organic Compounds (VOC)	VOC	1.0
	NOx	1.0

(8) **LAER AND FEDERAL OFFSET REQUIREMENTS**

The determination that a project at an existing major stationary source is a major modification and is subject to the LAER and federal emission offsets provisions of this Subsection (d)(8) shall be based on the stationary source's contemporaneous emission increases. The determination that a project at a new stationary source is a new major source and is subject to the LAER and emission offset provisions of this Subsection (d)(8) shall be based on the post-project potential to emit of the project.

(i) **Requirements**

The applicant for a new, modified, relocated or replacement emission unit or project at a stationary source shall submit, with each application for such emission unit or project, sufficient information to determine the emission increases from such emission unit or project and the contemporaneous emission increases if the stationary source is an existing major stationary source. Each application shall be accompanied by a current tabulation of contemporaneous emission increases if the stationary source is an existing major stationary source. For any major stationary source undergoing a major modification based on the stationary source's contemporaneous emission increase and for each emission unit or project which constitutes a new major stationary source, 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 project which results in an emissions increase occurring at a stationary source which increase constitutes a new major source or major modification, on a pollutant specific basis. This provision shall not relieve a source from also complying with the BACT provisions of Subsection (d)(1), as applicable.

(B) Emission Offsets

The NO_x and VOC emission increases from a new, modified, relocated or replacement emission unit or project which increases constitute a new major source or major modification of a major stationary source shall be offset at a ratio of 1.2 to 1.0, on a pollutant specific basis. Interpollutant offsets may be used provided they meet the requirements of Subsection (d)(5)(vi).

When an emissions increase from a new or modified emission unit or project has been determined to be subject to, and approved as in compliance with, the BACT, LAER and/or federal emission offset requirements of Subsections (d)(7) and (d)(8) of this rule, the contemporaneous emissions increase for the subject air contaminant or precursor shall thereafter not include any residual emission increase from such new or modified emission unit or project, on a pollutant specific basis.

4. Proposed amendments to Rule 20.4 become effective upon the approval by the state Air Resources Board of the San Diego County Air Pollution Control District's findings pursuant to the Health and Safety Code Section 40918.5. Subsections (c)(3), (c)(4), (d)(2) and (d)(5) of Rule 20.4 are amended to read as follows:

RULE 20.4. NEW SOURCE REVIEW - PORTABLE EMISSION UNITS

(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 May 17, 1994 and that the emission unit has not been modified since May 17, 1994 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 50 tons per year of oxides of nitrogen (NO_x) and 50 tons per year of volatile organic compounds (VOC). Type I portable emission units may also operate at stationary sources which have an aggregate potential to emit greater than these levels if emission offsets at the ratios specified for Type III portable emission units in Section (d)(5)(ii) are provided for the period of time the portable emission unit is located at such a stationary source.

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(4) **RESERVED**

(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**

(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 PM10 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 PM10 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 - 1, 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 or interfere with the attainment or maintenance of any state or national ambient air quality standard.

If a PM10 AQIA is required, the AQIA shall include both directly emitted PM10 and PM10 which would be formed by precursor air contaminants prior to discharge to the atmosphere.

TABLE 20.4 - 1
AQIA Trigger Levels

<u>Air Contaminant</u>	<u>(lb/hr)</u>	<u>Emission Rate</u>	
		<u>(lb/day)</u>	<u>(tons/yr)</u>
Particulate Matter (PM ₁₀)	---	100	15
Oxides of Nitrogen (NO _x)	25	250	40
Oxides of Sulfur (SO _x)	25	250	40
Carbon Monoxide (CO)	100	550	100
Lead and Lead Compounds	---	3.2	0.6

(ii) **AQIA Not Required for NO_x 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 NO_x or 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 NO_x or VOC emissions from point sources on ozone ambient air quality standards and that such procedures are acceptable to the California Air Resources Board (ARB) and the federal EPA.

(iii) **AQIA Requirements for PM₁₀ Impacts May be Waived**

Notwithstanding the requirements of Subsection (d)(2)(i) above, the Air Pollution Control Officer may waive the AQIA requirements for PM₁₀ 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 µg/m³ (24-hour average basis) and 3 µg/m³ (annual geometric mean basis), all of the emission unit's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at a ratio of 1.5 to 1.

(B) If the project will result in a maximum PM₁₀ air quality impact equal to or greater than 5 µg/m³ but less than 10 µg/m³ (24-hour average basis) or equal to or greater than 3 µg/m³ but less than 6 µg/m³ (annual geometric mean basis):

(1) the emission unit must be equipped with BACT for PM₁₀ without consideration for cost-effectiveness,

(2) all of the emission unit's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at an overall ratio of 1.5 to 1,

(3) sufficient emission offsets must be provided within the emission unit's impact area to offset all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, 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 PM₁₀ ambient air quality impact minus 5 µg/m³ (24-hour average basis) and 3 µg/m³ (annual geometric mean basis) must be provided, and

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(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 PM₁₀ air quality impact equal to or greater than 10 µg/m³ (24-hour average basis) or equal to or greater than 6 µg/m³ (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.

(5) **EMISSION OFFSETS**

(i) Emission Offsets - Type I Portable Emission Units

Emission offsets shall not be required for Type I portable emission units.

(ii) Emission Offsets - Type III Portable Emission Units

The Air Pollution Control Officer shall not issue an Authority to Construct or modified Permit to Operate for any Type III portable emission unit unless emission offsets are provided on a pollutant specific basis for any emission increases of air contaminants and their precursors for which the District is designated as non-attainment with respect to a national ambient air quality standard. Emission offsets shall be provided at a ratio of 1.2 to 1.0 for VOC and for NO_x emission increases. As provided for in Subsection (d)(5)(iv), interpollutant offsets may be used.

(iii) Reserved

(iv) Interpollutant Offset Ratios

The Air Pollution Control Officer may allow the use of interpollutant emission offsets at the ratios specified in Table 20.4 - 2 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 20.4 - 2
Interpollutant Ratio

Emission Increase	Decrease	Interpollutant Ratio
Oxides of Nitrogen (NOx)	NOx	1.0
	VOC	2.0
Volatile Organic Compounds (VOC)	VOC	1.0
	NOx	1.0

(v) **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 50 tons per year, or 50 tons per year or more for VOC and NOx, the sum of all portable emission units' 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

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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 units' 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.

IT IS FURTHER RESOLVED AND ORDERED that the subject amendments to Rules 20.1-20.4 of Regulation II shall take effect upon the approval by the state Air Resources Board of the San Diego County Air Pollution Control District's findings adopted pursuant to Health and Safety Code Section 40918.5.

PASSED AND ADOPTED by the Air Pollution Control Board of the San Diego County Air Pollution Control District, State of California, this 4th day of November, 1998 by the following votes:

AYES: COX, JACOB, SLATER, ROBERTS, HORN
NOES: NONE
ABSENT: NONE

I hereby certify that the following is a full, true and correct copy of the Original Resolution which is now on file in my office.

THOMAS J. PASTUSZKA
Clerk of the Air Pollution Control Board

By:


PATRICK A. HUNTER

APPROVED AS TO FORM AND LEGALITY
COUNTY CLERK

BY 
COUNTY CLERK

**AIR POLLUTION CONTROL DISTRICT
COUNTY OF SAN DIEGO**

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**PROPOSED AMENDMENTS TO NEW SOURCE REVIEW
RULES 20.1, 20.2, 20.3 AND 20.4**

1. Proposed amendments to Rule 20.1 becomes effective upon the approval by the state Air Resources Board of the San Diego County Air Pollution Control District's findings pursuant to the Health and Safety Code Section 40918.5. Subsections (d)(5) and (e)(1) of Rule 20.1 are amended to read as follows:

RULE 20.1 - NEW SOURCE REVIEW - GENERAL PROVISIONS

(d) EMISSION CALCULATIONS

(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 and , Rules ~~20.2~~, 20.3 and 20.4.

(i) Emission offsets shall consist of actual emission reductions calculated in accordance with Subsection (d)(4)(ii) or shall be Class 'A' ERCs pursuant to Rules 26.0 through 26.10 or a mobile source ERC issued pursuant to Rule 27. In order to be considered an emission offset, actual emission reductions or ERCs 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 through 26.10 or Rule 27, 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 ERCs.

(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 ~~December 17, 1997~~ (effective date) shall remain valid and enforceable for the life of the Authority to Construct or Permit to Operate, unless specifically modified by the District.

2. Proposed amendments to Rule 20.2 becomes effective upon the approval by the state Air Resources Board of the San Diego County Air Pollution Control District's findings pursuant to the Health and Safety Code Section 40918.5. Subsection (b)(3), Subsections (d)(5) and (d)(6) are deleted from Rule 20.2, as follows:

RULE 20.2 - NEW SOURCE REVIEW NON - MAJOR STATIONARY SOURCES

(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.

~~(3) Emission increases resulting from an air contaminant emission control project shall be exempt from the emission offset requirements of Subsections (d)(5) and (d)(6) of this rule to the extent that the project does not include an increase in the capacity of the emission unit being controlled. Emission increases that are associated with an increase in capacity of the emission unit being controlled shall be subject to the emission offset provisions of this rule, as applicable.~~

(d) STANDARDS

(5) RESERVED 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)(v).~~

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

(A) Offset Requirements for VOC Emission Increases

The VOC emission increase from a new or modified emission unit located at a stationary source with a VOC 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.

(B) Offset Requirements for NOx Emission Increases

The NOx emission increase from a new or modified emission unit located at a stationary source with an NOx 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.

TABLE 20.2--2
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	
	<u>NOx</u>	<u>VOC</u>
Potential < 15 tons/year	None	None
Potential ≤ 15 tons/year	1:1	1:1
Potential ≥ 50 tons/year	Rule 20.3 applies	

(ii) Offset Requirements-- Relocated and Replacement Emission Units

For each pollutant for which a stationary source has a post-project aggregate potential to emit equal to or greater than 15 tons per year, the VOC and NOx emission increase from a relocated or replacement emission unit shall be offset as specified in Subsection (d)(5)(i).

(iii) Offset Requirements -- Essential Public Services

(A) If emission offsets are required pursuant to Subsections (d)(5)(i) or (ii) 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) or (ii) 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)(iii), 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 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, or

(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.

(iv) Offset Requirements — Air Contaminant Emission Control Projects Installed Pursuant to District Rules and Regulations

If emission offsets are required for emission increases from an emission unit resulting from the installation of an air contaminant emission control project to comply with a requirement of these rules and regulations, but not including Rules 20.1, 20.2, 20.3, 20.4 or 20.5, Rules 26.0 through Rule 26.10, inclusive, or Rule 1200, the Air Pollution Control Officer may elect to provide a portion or all of the emission offsets through the District 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 (ERCs) from the District Bank, the Air Pollution Control Officer must determine that the following are satisfied:

(A) the air contaminant emission control project satisfies the applicable requirements of these rules and regulations, and

(B) the amount of the ERCs to be obtained from the District Bank do not exceed 10 tons per year on a pollutant specific basis.

(v) Interpollutant Offset Ratios

The Air Pollution Control Officer may allow the use of interpollutant emission offsets at the ratios specified in Table 20.2—3 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 20.2 - 3
Interpollutant Offset Ratio

Emission Increase	Emission Decrease	Interpollutant Ratio
— Oxides of Nitrogen (NO _x)	NO _x	1.0
	VOC	2.0
— Volatile Organic Compounds (VOC)	VOC	1.0
	NO _x	1.0

(6) RESERVED EMISSION OFFSET REQUIREMENTS: USE OF DISTRICT BANK EMISSION REDUCTION CREDITS (ERCs)

The Air Pollution Control Officer may elect to provide emission offsets from a District developed and maintained District Bank provided that the following are satisfied:

- (i) The District Bank has been established consistent with the provisions of Rule 26.0 et. seq.,
- (ii) The District Bank contains sufficient ERCs to allow for the emissions to be fully offset, if necessary with a combination of emission reductions from the District Bank and emission reductions provided directly by the affected stationary source, and
- (iii) Only banked ERCs in excess of those necessary to demonstrate compliance with the no net increase permit program provisions of the California Clean Air Act are utilized.

The use of District Bank ERCs 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 ERCs from the District Bank which are to be allocated for each category:

- (iv) For use to demonstrate compliance with the no net increase permit program provisions of the California Clean Air Act,
- (v) For use by essential public service projects, as defined in Rule 20.1 and as provided for in Subsection (d)(5)(iii) of this rule,
- (vi) For use for air contaminant emission control projects as provided for in Subsection (d)(5)(iv) of this rule,
- (vii) For use for air contaminant emission control projects as provided for in Subsection (d)(5) of Rule 20.3, and
- (viii) For any other purpose approved by the Air Pollution Control Board and in conformity with state and federal laws and requirements.

3. Proposed amendments to Rule 20.3 becomes effective upon the approval by the state Air Resources Board of the San Diego County Air Pollution Control District's findings pursuant to the Health and Safety Code Section 40918.5. Subsections (d)(5) and (d)(8) of Rule 20.3 are amended to read as follows:

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

(d) STANDARDS

(5) EMISSION OFFSETS

Except as provided for in Subsection (d)(8), the Air Pollution Control Officer shall not issue an Authority to Construct or modified Permit to Operate for any project subject to this rule unless emission offsets are provided, on a pollutant specific basis, for any emission increases of non-attainment air contaminants and their precursors. ~~Emission offsets shall be provided for emission increases from projects 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 and in Subsections (d)(6), (d)(7) and (d)(8) of this rule.~~ Interpollutant offsets may be used, provided such offsets meet the requirements of Subsection (d)(5)(vi).

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

~~(A) Offset Requirements for VOC Emission Increases~~

~~The VOC emission increase from a new or modified emission unit located at a stationary source with a VOC 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.~~

~~(B) Offset Requirements for NOx Emission Increases~~

~~The NOx emission increase from a new or modified emission unit located at a stationary source with a NOx 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.~~

**~~TABLE 20.3-2
VOC and NOx Offset Ratios
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
Potential > 15 tons/year	1:1	1:1
Potential ≥ 50 tons/year	1.2:1.0	1.2:1.0

~~The federal offset ratios of 1.2 to 1.0 specified in this Table shall only apply if the new or modified emission unit or project constitutes a new major source or major modification.~~

(ii) RESERVED

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

(A) Offset-Requirements for CO Emission Increases

Except as provided in Subsection (d)(5)(iii)(B) below, the carbon monoxide (CO) emission increase from a new or modified emission unit located at a stationary source, and which increase constitutes a new major stationary source or major modification for CO, shall be offset at a 1.0 to 1.0 offset ratio. This requirement shall no longer apply if the District is redesignated by the federal EPA as in attainment with respect to the national ambient air quality standard for CO.

(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 CO, emission offsets for CO shall not be required.

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

The VOC and NOx emission increases that result from a relocated or replacement emission unit at a stationary source which, on a pollutant specific basis, has a post project potential to emit equal to or greater than 15 tons per year, shall be offset as specified in Subsection (d)(5)(i).

(v) Offset Requirements - Air Contaminant Emission Control Projects Installed Pursuant to District Rules and Regulations

If emission offsets are required for emission increases from an emission unit resulting from the installation of an air contaminant emission control project to comply with a requirement of these rules and regulations, but not including Rules 20.1, 20.2, 20.3, 20.4, or 20.5, Rules 26.0 through Rule 26.10, inclusive, or Rule 1200, the Air Pollution Control Officer may elect to provide a portion or all of the emission offsets through the District 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 (ERCs) from the District Bank, the Air Pollution Control Officer must determine that the following are satisfied:

(A) the air contaminant emission control project satisfies the applicable requirements of these rules and regulations, and

(B) the amount of the ERCs to be obtained from the District Bank do not exceed 10 tons per year on a pollutant specific basis.

(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 - 2 to satisfy the offset requirements of Subsections (d)(5), (d)(6), (d)(7) and (d)(8) of this rule, 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 this rule to determine the final offset ratio.

TABLE 20.3 - 3 2
Interpollutant Ratio

Emission Increase	Decrease	Interpollutant Ratio
Oxides of Nitrogen (NOx)	NOx	1.0
	VOC	2.0
Volatile Organic Compounds (VOC)	VOC	1.0
	NOx	1.0

(8) DETERMINING APPLICABILITY OF LAER AND FEDERAL OFFSET PROVISIONS REQUIREMENTS

The determination that a project at an existing major stationary source is a major modification and is subject to the LAER and federal emission offsets provisions of this Subsection (d)(8) shall be based on the stationary source's contemporaneous emission increases. The determination that a project at a new stationary source is a new major source and is subject to the LAER and emission offset provisions of this Subsection (d)(8) shall be based on the post-project potential to emit of the project.

(i) Requirements

The applicant for a new, modified, relocated or replacement emission unit or project at a stationary source shall submit, with each application for such emission unit or project, sufficient information to determine the emission increases from such emission unit or project and the contemporaneous emission increases if the stationary source is an existing major stationary source. Each application shall be accompanied by a current tabulation of contemporaneous emission increases if the stationary source is an existing major stationary source. For any major stationary source undergoing a major modification based on the stationary source's contemporaneous emission increase and for each emission unit or project which constitutes a new major stationary source, 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 project which results in an emissions increase occurring at a stationary source which increase constitutes a new major source or major modification, on a pollutant specific basis. This provision shall not relieve a source from also complying with the BACT provisions of Subsection (d)(1), as applicable.

(B) Emission Offsets

The NOx and VOC emission increases from a new, modified, relocated or replacement emission unit or project which increases constitute a new major source

or major modification of a major stationary source shall be offset at a ratio of 1.2 to 1.0, on a pollutant specific basis. Interpollutant offsets may be used provided they meet the requirements of Subsection (d)(5)(vi).

~~The CO emission increase that results from a new, modified, relocated or replacement emission unit at a stationary source and which increase constitutes a new major stationary source or major modification for CO shall be offset at a ratio of 1.0 to 1.0. This requirement shall no longer apply to CO emission increases if the District is redesignated by the federal EPA as in attainment with respect to the national ambient air quality standard for CO.~~

When an emissions increase from a new or modified emission unit or project has been determined to be subject to, and approved as in compliance with, the BACT, LAER and/or federal emission offset requirements of Subsections (d)(7) and (d)(8) of this rule, the contemporaneous emissions increase for the subject air contaminant or precursor shall thereafter not include any residual emission increase from such new or modified emission unit or project, on a pollutant specific basis.

4. Proposed amendments to Rule 20.4 becomes effective upon the approval by the state Air Resources Board of the San Diego County Air Pollution Control District's findings pursuant to the Health and Safety Code Section 40918.5. Subsections (c)(3), (c)(4), (d)(2) and (d)(5) of Rule 20.4 are amended to read as follows:

RULE 20.4. NEW SOURCE REVIEW - PORTABLE EMISSION UNITS

(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 May 17, 1994 and that the emission unit has not been modified since May 17, 1994 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 50 tons per year of oxides of nitrogen (NOx) and 50 tons per year of volatile organic compounds (VOC) ~~and less than 100 tons per year of carbon monoxide (CO)~~. Type I portable emission units may also operate at stationary sources which have an aggregate potential to emit greater than these levels if emission offsets at the ratios specified for Type ~~II~~ III portable emission units in ~~Table 20.4-2~~ Section (d)(5)(ii) are provided for the period of time the portable emission unit is located at such a stationary source. ~~The limitation on operating at stationary sources which have an aggregate potential to emit of less than 100 tons per year of CO shall no longer apply if the District is redesignated by the federal Environmental Protection Agency (EPA) as in attainment with respect to the national ambient air quality standard for CO.~~

(4) ~~RESERVED~~ **"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. The limitation on operating at stationary sources which have an aggregate potential to emit of less than 100 tons per year of CO shall no longer apply if the District is redesignated by the federal EPA as in attainment with respect to the national ambient air quality standard for CO.

TABLE 20.4 - 1
Federal Serious Ozone Nonattainment Classification

<u>Air Contaminant:</u>	<u>Emission Rate</u> <u>(Ton/yr)</u>
Oxides of Nitrogen (NO _x)	50
Volatile Organic Compounds (VOC)	50
Carbon Monoxide (CO)	100

(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**

(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 PM₁₀ 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 PM₁₀ 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 - 1, 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 or interfere with the attainment or maintenance of any state or national ambient air quality standard.

If a PM₁₀ AQIA is required, the AQIA shall include both directly emitted PM₁₀ and PM₁₀ which would be formed by precursor air contaminants prior to discharge to the atmosphere.

TABLE 20.4 - 21
AQIA Trigger Levels

<u>Air Contaminant</u>	<u>(lb/hr)</u>	<u>Emission Rate</u>	
		<u>(lb/day)</u>	<u>(tons/yr)</u>
Particulate Matter (PM ₁₀)	---	100	15
Oxides of Nitrogen (NO _x)	25	250	40
Oxides of Sulfur (SO _x)	25	250	40
Carbon Monoxide (CO)	100	550	100
Lead and Lead Compounds	---	3.2	0.6

(ii) **AQIA Not Required for NO_x 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 NO_x or 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 NO_x or VOC emissions from point sources on ozone ambient air quality standards and that such procedures are acceptable to the California Air Resources Board (ARB) and the federal EPA.

(iii) **AQIA Requirements for PM₁₀ Impacts May be Waived**

Notwithstanding the requirements of Subsection (d)(2)(i) above, the Air Pollution Control Officer may waive the AQIA requirements for PM₁₀ 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 µg/m³ (24-hour average basis) and 3 µg/m³ (annual geometric mean basis), all of the emission unit's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at a ratio of 1.5 to 1.

(B) If the project will result in a maximum PM₁₀ air quality impact equal to or greater than 5 µg/m³ but less than 10 µg/m³ (24-hour average basis) or equal to or greater than 3 µg/m³ but less than 6 µg/m³ (annual geometric mean basis):

(1) the emission unit must be equipped with BACT for PM₁₀ without consideration for cost-effectiveness,

(2) all of the emission unit's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, must be offset at an overall ratio of 1.5 to 1,

(3) sufficient emission offsets must be provided within the emission unit's impact area to offset all of the project's PM₁₀ emission increases, including area fugitive emissions of PM₁₀, 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 PM₁₀ ambient air quality impact minus 5 µg/m³ (24-hour average basis) and 3 µg/m³ (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 PM₁₀ air quality impact equal to or greater than 10 µg/m³ (24-hour average basis) or equal to or greater than 6 µg/m³ (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.

(5) EMISSION OFFSETS

(i) Emission Offsets - Type I and Type II Portable Emission Units

Emission offsets shall not be required for Type I portable emission units. ~~The Air Pollution Control Officer shall not issue an Authority to Construct or modified Permit to Operate for any Type II portable emission unit unless emission offsets are provided, on a pollutant specific basis, at a ratio of 1.0 to 1.0 for any emission increases of VOC and NO_x from such new or modified unit. As provided for in Subsection (d)(5)(iv), interpollutant offsets may be used.~~

(ii) **Emission Offsets - Type III Portable Emission Units**

The Air Pollution Control Officer shall not issue an Authority to Construct or modified Permit to Operate for any Type III portable emission unit unless emission offsets are provided on a pollutant specific basis for any emission increases of air contaminants and their precursors for which the District is designated as non-attainment with respect to a national ambient air quality standard. Emission offsets shall be provided at a ratio of 1.2 to 1.0 for VOC and for NO_x emission increases, and at a ratio of 1.0 to 1.0 for CO emission increases. As provided for in Subsection (d)(5)(iv), interpollutant offsets may be used. ~~The requirement for CO offsets shall no longer apply if the District is redesignated by the federal EPA as in attainment with respect to the national ambient air quality standard for CO.~~

(iii) **RESERVED ~~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 Type III portable emission unit will not cause or contribute to a violation, nor interfere with the attainment or maintenance, of the national ambient air quality standard for CO, emission offsets for CO shall not be required.~~

(iv) **Interpollutant Offset Ratios**

The Air Pollution Control Officer may allow the use of interpollutant emission offsets at the ratios specified in Table 20.4 - 3 2 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 20.4 - 3 2
Interpollutant Ratio

Emission Increase	Decrease	Interpollutant Ratio
Oxides of Nitrogen (NO _x)	NO _x	1.0
	VOC	2.0
Volatile Organic Compounds (VOC)	VOC	1.0
	NO _x	1.0

(v) **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 50 tons per year~~, or ~~over 50 tons per year~~ or more of VOC or NOx, or over ~~100 tons per year of CO~~) for VOC, and NOx and CO, the sum of all portable emission units' 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 units' 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.

**NEW SOURCE REVIEW RULES (NSR)
20.1, 20.2, 20.3, 20.4, 20.9 AND 20.10**

WORKSHOP REPORT

A workshop notice was mailed to all permit holders in San Diego County. Notices were also mailed to all Chambers of Commerce and all Economic Development Corporations, the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (ARB), and other interested parties.

The workshop was held on April 18, 1997 and was attended by 41 people, including representatives of EPA and ARB. Written comments were also received. The workshop comments and District responses are as follows:

23. WORKSHOP COMMENT

Regarding the District's proposed deletion of state emission offset requirements from Rules 20.2, 20.3 and 20.4, is the District accepting comments at this time on whether the necessary findings can be made by the Board? The findings should be discussed in a public workshop with a public comment period. The rule changes should not be taken to the Board before the necessary findings are made. It would pre-determine the outcome of the findings. Also, sources and the District cannot operate under the rule changes until the findings are made and ARB has approved them.

DISTRICT RESPONSE

The District will not propose to delete state offset requirements for VOC and NOx emission increases in Phase I of the NSR rule changes. Deleting state VOC and NOx offset requirements will be evaluated in Phase II of the NSR rule changes which will occur in 1998. This is to ensure that all requirements of state law regarding the repeal of these offset requirements and California Environmental Quality Act (CEQA) will be satisfied. The District is proposing to proceed with deleting state offset requirements for PM10, SOx and CO as part of the Phase I NSR changes.

The District will be preparing the documentation supporting the findings that the Board must make in order to remove the state offset requirements for VOC and NOx. That documentation will be available for review and comment prior to the Board's hearing on the associated Phase II changes to the NSR rules. The District will not recommend those changes to the Board if it cannot support the findings. This doesn't pre-determine the outcome. Rather it is a reflection of whether the necessary findings can be made appropriately.

Regarding the use of the rule changes prior to ARB approval, the District agrees that sources cannot be permanently relieved from VOC and NOx offset requirements until ARB has approved the corresponding change to the offset provisions of the District's NSR rules. However, the District may elect to approve projects that have not yet provided state VOC and NOx emission offsets conditional upon the owner/operator providing the required offsets within a specified time should ARB disapprove the change in the District's offset requirements.

49. WRITTEN COMMENT

Regarding Rule 20.3(d)(5) Emission Offsets: The APCD cited that with the signing of AB 3319 into law, revisions have been proposed in anticipation "if specified findings can be made and the State Air Resources Board (ARB) agrees". What "specified findings" are being considered? What is the anticipated likelihood and time frame for the ARB agreement?

DISTRICT RESPONSE

The specified findings are those identified in H&SC §40918.5 as enacted under AB 3319. The District will propose removing the state VOC and NO_x offset requirements if all of the required findings can be met. If all of the required findings can be made, the likelihood of ARB approval is high. Because of potential CEQA issues associated with the proposed changes to the NSR rules, ARB consideration of the findings and Phase II NSR changes will likely not occur until some time in 1998.

58. WRITTEN COMMENT

As early as 1991, shortly after the passage of the federal Clean Air Act Amendments, it was generally recognized that the availability of offset credits would be a limiting factor to growth. Currently, the District's inventory of ERCs is too small to support projects of any magnitude. How does the District plan to address this shortage of offsets?

DISTRICT RESPONSE

The District has been working for changes in state law to reduce the need for state offsets. That effort resulted in AB3319 which provides this and other air districts the opportunity to demonstrate that state emission offsets are not needed. In addition, the District successfully broke new regulatory ground with EPA several years ago by being reclassified from a severe to a serious ozone nonattainment area. That change raised the major source threshold from 25 to 50 tpy of VOC or NO_x. This reduced the number of major sources subject to federal offset requirements. Also, the District adopted interpollutant offset provisions in its NSR rules, and intends to pursue agreement for rule provisions that would allow interbasin offsets. For those projects for which offsets will still be required, the District has worked with sources to identify and approve offsets. Nevertheless, some large projects that result in significant emission increases may face significant effort and costs in order to secure adequate emission offsets. Emission offset requirements may continue to be a problem for large new projects.

70. WRITTEN COMMENT

EHC (Environmental Health Coalition) is very concerned about the proposal to delete state offset requirements for VOC, NO_x and PM₁₀, especially when federal standards for those pollutants are in the process of being made more strict due to public health concerns. Also the process by which the District proposes to remove these requirements is severely flawed.

1. It is inappropriate for the District to consider removing state offsets for ozone precursors absent the findings required by state law.

The California Health and Safety Code (§40918.5(a)(1)) provides that a District can only elect to eliminate the no-net-increase permitting program from its attainment plan upon a finding by the governing board that the program "is not necessary to achieve and maintain the state ambient air quality standards by the earliest practicable date." The board cannot make this finding until after

reviewing estimates of the growth in emissions resulting from the elimination of the program, and adopting or having scheduled for adoption all feasible measures to attain state air quality standards.

In this case, the District is preparing to eliminate the program prior to the Board making any finding that the program's elimination is appropriate. EHC understands the District's desire to eliminate the program in an efficient manner. However, once the offsets have been eliminated from the rule, even if the change will not take effect until the findings are made, the Board of Supervisors will be predisposed to make these findings. To do otherwise would make compliance with the rule more expensive for local businesses, which the Board is not likely to do. To thus make the findings a foregone conclusion is unacceptable.

Additionally, at the April 18, 1997 workshop, the public was not allowed to comment upon whether the findings could be made, and no information supporting the findings has yet been released to the public. As such, it is unclear whether the findings themselves will ever be subject to the public scrutiny inherent in the workshop process, or whether the public will be shut out of the findings process until the issue is presented before the Board of Supervisors. There is a great deal of technical information which must be reviewed and debated as part of making the findings. We would therefore request that this information be compiled in summary format and presented to the public in a workshop prior to the issue being brought before the Board.

Furthermore, it is not health protective for the APCD to be eliminating the offset programs for substances for which the District is still out of compliance with state and/or federal standards. The APCD's role is to protect public health. As you are well aware, the U.S. EPA is currently considering tightening both the PM and ozone standards because much more has been learned about the deleterious health impacts of these pollutants even at levels below current standards. Thus, to walk away from the state offsets for these pollutants is highly irresponsible.

2. **Pursuant to the California Environmental Quality Act (CEQA), the District must consider the environment effects of the elimination of both the offset requirements for ozone precursors and PM10 prior to taking action on the proposed rule changes.**

Please include EHC on the Interested Parties list for the CEQA review of the environmental effects of the proposed changes to this rule.

Elimination of the offset requirements for ozone precursors and PM10 could have substantial effects on the public health and the environment of this air basin. As part of the CEQA process, the District must quantify the increase in emissions that will occur as a result of these changes. How many tons per year of VOC's, NOx and PM will no longer be required as offsets when new projects are proposed? What are the projected health impacts associated with potential delays in reaching attainment? Will the proposal result in health impacts such as those mentioned above as possibly resulting (from) the modifications to the RAQS? What cumulative effects will occur with the elimination of the offset requirements, deletion of control strategies from the RAQS, proposed amendments to Rule 50, etc.?

Furthermore, the CEQA analysis must occur prior to the Board voting on the proposed rule changes. It cannot be postponed until the Board is presented with the question of whether to adopt the findings. CEQA requires that environmental documents not operate to merely confirm decisions which have already been made (as it seems the findings analysis will). Rather, the CEQA analysis must occur "as early as feasible in the planning process to enable environmental considerations to influence [the project outcome]." Cal. Admin. Code, Title 14, Section 15004.

DISTRICT RESPONSE

As noted in the comment, H&SC §40918.5 specifies that a district can only elect to eliminate its no-net-increase permitting program from its state attainment plan upon a finding by the governing board that the program "is not necessary to achieve and maintain the state ambient air quality standards by the earliest practicable date". The board cannot make this finding until after reviewing estimates of the growth in emissions resulting from the elimination of the program, and adopting or having scheduled for adoption all feasible measures to attain the state air quality standards. The ARB must concur with these findings.

Because emission offsets in San Diego County have been extremely difficult and expensive for businesses to provide to satisfy the state no-net-increase program, and because a significant number of offsets that were provided resulted in no air quality improvement (i.e., non reactive compounds), and because businesses elsewhere in other California nonattainment areas have not been effectively required to provide state offsets as they have been required to provide in San Diego County, the District elected to begin the process of repealing its no-net-increase program as allowed by H&SC §40918.5.

The first step was to conduct a preliminary analysis of the emissions increases from stationary sources that would be subject to state offsets (≥ 15 tpy VOC or NO_x) but not trigger federal offsets (<50 tpy VOC or NO_x) and that would likely result if the program were repealed. Based on three years of data (1993 - 1995) from new and modified stationary sources, about 25 tpy of VOC and 31 tpy of NO_x would result. However, data for this same time period also shows that these projected increases are more than mitigated by emission reductions associated with shutdown (retired) equipment for which no air quality credit has been claimed. Average emission reductions of about 165 tpy of VOC and 55 tpy of NO_x would result. These emission reductions had not been banked for use as offsets because they are typically from the shutdown of individually small sources, making the costs of creating bankable and tradable credits prohibitive. It was also noted that the majority of emission reductions from new and modified businesses resulted from requiring BACT be utilized.

Based on this, it appeared the District could clearly show that state emission offsets were not necessary to achieve and maintain the state ambient air quality standards by the earliest practicable date and therefore the no-net-increase program could be repealed. Since the NSR rules were to be reviewed at a workshop to discuss proposed revisions to address EPA-noted deficiencies, the District decided to propose repealing the state emission offset program and request public comments at this same workshop (April 18, 1997).

The District is now preparing the necessary documents to support the CEQA analysis that will be required for the proposed repeal of the no-net-increase program for VOC and NO_x emission increases, now scheduled to be considered in Phase II of the NSR changes. Separately, as part of Phase I of the NSR rule changes, the District is proposing to delete emission offset requirements for PM₁₀, SO_x and CO. Appropriate CEQA review and documents are being prepared regarding these Phase I changes. The CEQA documents for Phase I and for Phase II will be made available for public review and comment prior to the corresponding public hearings with the Air Pollution Control Board where the proposed repeal of the no-net-increase program will be considered. Since the analyses required to comply with H&SC §40918.5 and to comply with CEQA are very similar, this process will provide an opportunity for public review and comment prior to the public hearing at which the Air Pollution Control Board will consider repealing the District's no-net-increase program.

It should be noted that nearly all emission offsets that have been provided to date resulted from shutdown (retired permits) equipment or from reductions in emissions of an organic compound which was designated a non-VOC by EPA after the emission reduction credits were created. Emission reduction credits created by over-controlling existing stationary source emission units have been few

and are difficult to identify because of the extensive nature of the emission reductions already required or committed to in state or federal air quality attainment plans. Since the equipment shut-downs were business driven and would have occurred whether or not there was a no-net-increase program, all the no-net-increase program effectively did was require new and modified businesses to go through the onerous and costly process of identifying and procuring (at significant cost) emission reductions that had already occurred or which were for reductions in non-VOC's. Thus, there was no resulting air quality benefit.

It is also noted that if the District's no-net-increase program is repealed and significant unmitigated emissions growth results, H&SC Section 40918.6 requires this matter be revisited every three years when the District submits its triennial update for ARB consideration. If ARB believes such growth is preventing the District from achieving and maintaining the state ambient air quality standards by the earliest practicable date, ARB can require the District to again adopt and implement a no-net-increase program.

The San Diego County Air Pollution Control District is committed to adopting the emission reduction measures the federal EPA believes are necessary for nonattainment areas to meet the new federal ozone and PM_{2.5} standards. The District believes it is highly unlikely EPA will require lower emission offset thresholds as a strategy to attain the new ozone standard. However, if a lower offset threshold is determined to be necessary, the District is committed to adopting such lower threshold. In addition, EPA has stated that emission reduction costs of \$10,000 per ton is the high end of the range of reasonable cost to impose on sources to meet the new ozone standard. Currently, emission sources in San Diego county are paying in excess of \$10,000 per ton for ozone precursor offsets. The District does not believe it is appropriate to continue to require emission sources to provide state emission offsets at a significantly lower emission increase threshold and at a cost in excess of \$10,000 per ton simply because EPA has adopted a more stringent standard for ozone, especially when such offsets are very difficult to locate, provide virtually no air quality benefit, are not being similarly required in other nonattainment areas in California, and may not be required by EPA for their own revised standard.

Concerning PM_{2.5}, EPA has stated that the scientific and technical information on PM_{2.5} needs to be updated and, based on this updated information, EPA will determine whether it is appropriate to revise the standards in order to protect public health. EPA has also stated there are scientific uncertainties associated with the health and environmental effects of PM and the means of reducing them. Until this matter is resolved, the District does not believe it is appropriate to continue to require new and expanding businesses to provide state emission offsets for particulate matter simply because EPA has adopted a more stringent standard for PM_{2.5}. Moreover, requiring offsets for PM₁₀ will not necessarily ensure an air quality benefit for PM_{2.5} since a source of PM₁₀ emission reductions may not be a source of PM_{2.5}.

H&SC Section 40918.5 recognizes the problems new and modified businesses are having meeting state emission offset requirements and allows an air district to elect to repeal its no-net-increase program if specified findings can be made. Rather than finding "creative" ways to satisfy the state no-net-increase program requirements without actually requiring new and expanding businesses to provide emission offsets as is being done in other nonattainment areas, the District is proposing to repeal its program if it can make the required findings and ARB concurs.

MRL:jo
9/22/98

ERRATA

Minor corrections to the Final Environmental Impact Report are made as follows:

Page 2-14

The first sentence is corrected to read:

Between 1995 and 2010, total regional VOC and NOx emissions are projected to decrease ~~28.5~~ 32.1 and ~~38.2~~ 40.2 percent, respectively indicating substantial progress toward attaining the state ozone standard.

This data is provided correctly on page 2-17.

Page 2-20

Tables 2-7 and 2-8 should read:

**Table 2-7. Total Region wide VOC Emissions (Tons/Year)
Including Expected-Case No-Net-Increase Repeal Impact**

Year	Stationary ¹	Expected-Case No-Net-Increase Repeal Impact (Percent of Total Inventory) ²	Area ¹	Mobile ¹	Total Inventory
1990	18,141	-	17,337	83,585	119,063
1995	18,141	-	18,031	62,671	98,842
2000	19,090	4 (0.01%)	16,571	40,296	76,021 <u>75,961</u>
2005	21,973	12 (0.02%)	17,411	30,003	69,611 <u>69,399</u>
2010	25,769	21 (0.03%)	17,958	23,360	67,472 <u>67,108</u>

¹ Stationary, area, and mobile source inventory/projections from Air Resources Board, Emissions Inventory branch, dated July 22, 1998.

² Assumes an increase of 1.78 tons per year accumulating each year starting in 1999 from sources potentially subject to offsets (>10 tpy). (e.g., 2000 impact = 1.78 x 2 = 3.56, etc.)

**Table 2-8. Total Region wide NO_x Emissions (Tons/Year)
Including Expected-Case No-Net-Increase Repeal Impact**

Year	Stationary ¹	Expected-Case No-Net-Increase Repeal Impact (% of Total Inventory) ²	Area ¹	Mobile ¹	Total Inventory
1990	6,315	-	1,898	92,601	100,813
1995	5,621	-	2,008	78,877	86,505
2000	4,344	6 (0.01%)	2,227	58,692	65,371 <u>65,269</u>
2005	3,614	21 (0.04%)	2,409	50,042	56,446 <u>56,086</u>
2010	4,088	36 (0.07%)	2,519	45,114	52,376 <u>51,757</u>

¹ Stationary, area, and mobile source inventory/projections from Air Resources Board, Emissions Inventory branch, dated July 22, 1998.

² Assumes emissions increase of 3.03 tons per year accumulating each year starting in 1999 from sources potentially subject to offsets (>10 tpy). (e.g., 2000 impact = 3.03 x 2 = 6.06, etc.)

These changes constitute minor calculation errors and do not require recirculation of the EIR because no significant new information has been added.