



Air Pollution Control Board

San Diego County Air Pollution Control District

GOVERNING BODY

GREG COX
First District

DIANNE JACOB
Second District

KRISTIN GASPAR
Third District

NATHAN FLETCHER
Fourth District

JIM DESMOND
Fifth District

AGENDA ITEM

DATE: July 8, 2020

AP01

TO: Air Pollution Control Board

SUBJECT

NOTICED PUBLIC HEARING - ADOPTION OF AMENDMENTS TO RULE 69.2.1 – SMALL BOILERS, PROCESS HEATERS, STEAM GENERATORS, AND LARGE WATER HEATERS (DISTRICTS: ALL)

OVERVIEW

This is a request for the Air Pollution Control Board (Board) to adopt proposed amendments to Rule 69.2.1 (Small Boilers, Process Heaters, Steam Generators, and Large Water Heaters). The rule was initially adopted on March 25, 2009 (AP1) and regulates air pollutant emissions from new small boilers, process heaters, and steam generators (units). These units are commonly used at commercial facilities such as restaurants, laundromats, and hotels, and their resulting emissions contribute to the formation of ozone in the air we breathe. When inhaled, ozone adversely impacts people's health. Symptoms can include chest pain, shortness of breath, worsening of bronchitis and asthma, and nausea.

The San Diego region does not meet the California and National Ambient Air Quality Standards for ozone, and therefore is classified as an ozone nonattainment area. Both federal and State laws require the San Diego County Air Pollution Control District (District) to adopt and implement rules to further control and reduce ozone-forming emissions. Additionally, as technologies to control air pollutant emissions advance and lower limits on the allowable emissions become feasible, the District is required by federal and State law to update its rules accordingly, and the proposed amended rule is the result of these requirements.

Today's proposed rule amendments include lower, more health-protective, emission limits for new units. Additionally, the proposed amendments extend the rule's applicability to smaller-sized units that are currently not subject to the rule. These smaller-sized units are commonly used at facilities such as apartment buildings and dry cleaners. The proposed requirements are similar to existing requirements in other California air districts (such as the South Coast, San Joaquin, and Sacramento air districts) and compliant units are readily available.

This proposal was developed with input from the U.S. Environmental Protection Agency (EPA) and the California Air Resources Board (CARB), and District staff conducted substantial outreach

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to affected facilities including conducting a public workshop. Workshop participants requested clarifications and were not opposed to the proposed rule amendments.

Today's request is to approve a resolution adopting the amendments to Rule 69.2.1, which will become effective on July 1, 2021. The rule will then be submitted through CARB to the EPA for approval into the State Implementation Plan for attaining and maintaining the air quality standards.

**RECOMMENDATION(S)
AIR POLLUTION CONTROL OFFICER**

1. Find that the adoption of proposed amended Rule 69.2.1 - Small Boilers, Process Heaters, Steam Generators, and Large Water Heaters is categorically exempt from the provisions of the California Environmental Quality Act pursuant to California Code of Regulations, Title 14, Section 15308, as an action taken to assure the protection of the environment, where the regulatory process involves procedures for protection of the environment, and pursuant to California Code of Regulations, Title 14, Section 15061(b)(3), since it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.
2. Adopt the Resolution entitled: RESOLUTION ADOPTING AMENDMENTS TO RULE 69.2.1 – SMALL BOILERS, PROCESS HEATERS, STEAM GENERATORS, AND LARGE WATER HEATERS, OF REGULATION IV OF THE RULES AND REGULATIONS OF THE SAN DIEGO COUNTY AIR POLLUTION CONTROL DISTRICT.

FISCAL IMPACT

There is no fiscal impact associated with the recommended actions. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

Adopting the proposed amendments to Rule 69.2.1 is not expected to pose significant impacts on affected industries in the San Diego region. The proposed emission limits are feasible, and compliant units are currently available due to similar requirements already in place in several California air districts. The proposed requirements apply to new units only and do not require early replacement or modification of existing equipment. While low-emitting units are more expensive than conventional ones, they are more energy efficient and are therefore cheaper to operate, with an estimated payback over the life of the equipment.

Equipment manufacturers will be required to certify their new units' compliance with the emission limits. However, the manufacturers already comply with this requirement in several other California air districts. The proposal increases regulatory certainty for the manufacturers by enhancing consistency with standards across the state.

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ADVISORY BOARD STATEMENT

The Air Pollution Control District Advisory Committee (Advisory Committee) considered the proposed amendments to Rule 69.2.1 during its meeting on December 11, 2019. The Advisory Committee is comprised of a total of nine seats. Four of those seats are currently vacant. Of the five Advisory Committee members currently appointed, two attended the meeting and they both expressed support for the proposed amendments. Meeting materials, including the proposed amendments to Rule 69.2.1, were shared with all appointed Advisory Committee members in advance of the meeting. No concerns with the proposal were raised to the Air Pollution Control District by Advisory Committee members.

BACKGROUND

The San Diego region does not meet the California and National Ambient Air Quality Standards for ozone, and therefore is classified as an ozone nonattainment area. Both federal and State laws require the San Diego County Air Pollution Control District (District) to adopt and implement rules to further control and reduce ozone-forming emissions, specifically volatile organic compounds and oxides of nitrogen (NOx), which is the key pollutant that currently drives ozone pollution levels in the San Diego region. Additionally, as technologies to control air pollutant emissions advance and lower limits on the allowable emission become feasible, the District is required by federal and State law to update its rules accordingly, and the proposed amended rule is the result of these requirements.

Current Rule 69.2.1, adopted in 2009, controls NOx emissions from new small boilers, process heaters, and steam generators with a heat input rating between 600,000 and 2 million British thermal units (Btu) per hour. Proposed amended Rule 69.2.1 establishes lower, more health-protective emission limits and expands rule applicability to new units with a heat input rating between 75,000 and 2 million Btu per hour. The resulting emission reductions will improve air quality and public health, and help the region attain federal and State clean air standards for ozone pollution in a timely manner. Additionally, the new lower-emitting units are more fuel-efficient and by consuming less fuel they emit less greenhouse gases (such as carbon dioxide) and therefore help support the region's climate goals.

An estimated 50,900 existing units are currently in place in facilities throughout the region. When these existing units are replaced at the end of their useful life, the new replacement units will be subject to the proposed requirements. The proposed amended rule will reduce NOx emissions from affected equipment by approximately 67% (277 tons per year) once all existing units are ultimately replaced with new low-emitting units. This reduction in ozone-forming emissions will have the same air quality benefit in the region as permanently removing 271,000 cars from our roads.

If adopted, proposed amended Rule 69.2.1 will be submitted to the U.S. Environmental Protection Agency (EPA) for approval into the State Implementation Plan for attaining and maintaining the air quality standards. The rule will become effective on July 1, 2021, providing time for affected manufacturers and distributors to transition to the new requirements.

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Customer/Stakeholder Notification

District staff conducted a public workshop to gather input on the proposed amended rule from affected parties. A workshop notice was posted on the District's website and sent to approximately 5,000 recipients including each air quality permit holder and chamber of commerce in the region, members of the Air Pollution Control District Advisory Committee, subscribers to the County's email notification service, the EPA and CARB.

The workshop was attended by 34 people, including industry representatives. District staff prepared responses to all comments and questions received, which were provided to the workshop participants in a Workshop Report (Attachment D). If the rule amendments are adopted, staff will conduct additional outreach including the distribution of an advisory notice to further inform potentially affected parties.

SOCIOECONOMIC IMPACT ASSESSMENT

State law requires the Air Pollution Control District to perform an assessment of the socioeconomic impacts when adopting, amending or repealing a rule that will significantly affect air quality or emission limitations. A Socioeconomic Impact Assessment was prepared for proposed amended Rule 69.2.1 (Attachment E). The proposed emission limits are feasible, and compliant units are currently available due to similar requirements already in place in several California air districts. The proposed requirements apply to new units only and do not require early replacement or modification of existing units. While low-emitting units are more expensive than conventional ones, they are more energy efficient and are therefore cheaper to operate, with an estimated payback over the life of the equipment. Equipment manufacturers will be required to certify their new units' compliance with the emission limits. However, the manufacturers already comply with this requirement in several other California air districts, and the proposal increases regulatory certainty for the manufacturers by enhancing consistency with standards across the state. Therefore, the adoption of proposed amended Rule 69.2.1 is not expected to pose significant impacts on the affected industry sectors in San Diego county.

ENVIRONMENTAL STATEMENT

The California Environmental Quality Act (CEQA) requires an environmental review for certain actions. The Air Pollution Control District (District) has conducted a review of whether CEQA applies to the adoption of the proposed amendments to Rule 69.2.1. The proposed rule amendments are required by federal and State law, which calls for adoption of every feasible control measure to accelerate progress toward achieving the ambient air quality standard for ozone. Proposed amended Rule 69.2.1 will protect the environment by promoting significant reductions in NOx emissions. Therefore, District staff determined that the adoption of the proposed amendments to Rule 69.2.1 are exempt from the provisions of CEQA pursuant to California Code of Regulations, Title 14, Section 15308, as an action taken to assure the protection of the environment, and pursuant to Section 15061(b)(3), since it can be seen with certainty that there is no possibility that the activity in question may have a significant adverse effect on the environment.

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LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today’s proposed actions support the Sustainable Environments/Thriving Initiative in the County of San Diego’s 2020-2025 Strategic Plan with an objective to enhance the quality of the environment by focusing on sustainability, pollution prevention and strategic planning. The proposed amendments to Rule 69.2.1 will reduce air pollutant emissions and improve air quality in San Diego county.

Respectfully submitted,



SARAH E. AGHASSI
Deputy Chief Administrative Officer



ROBERT REIDER
Interim Director/Air Pollution Control Officer

ATTACHMENT(S)

- Attachment A – Resolution Adopting Amendments to Rule 69.2.1 – Small Boilers, Process Heaters, Steam Generators, and Large Water Heaters, of Regulation IV of the Rules and Regulations of the San Diego County Air Pollution Control District
- Attachment B – Comparative Analysis
- Attachment C – Incremental Cost-Effectiveness Analysis
- Attachment D – Workshop Report
- Attachment E – Socioeconomic Impact Assessment
- Attachment F – Rule 69.2.1 – Small Boilers, Process Heaters, Steam Generators, and Large Water Heaters Change Copy

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AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED

 Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

March 25, 2009 (AP1) Adoption of new Rule 69.2.1 - Small Boilers, Process Heaters, and Steam Generators

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

**ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION
NUMBER(S):**

N/A

ORIGINATING DEPARTMENT: Air Pollution Control District

OTHER CONCURRENCE(S): None

CONTACT PERSON(S):

Robert Reider

Name
(858) 586-2700

Phone
Robert.Reider@sdcounty.ca.gov

E-mail

Angela Ortega

Name
(858) 586-2753

Phone
Angela.Ortega@sdcounty.ca.gov

E-mail