

**SACRAMENTO METROPOLITAN
AIR QUALITY MANAGEMENT DISTRICT**

For Agenda of **March 27, 2008**

To: Board of Directors
Sacramento Metropolitan Air Quality Management District

From: Larry Greene, Air Pollution Control Officer
Sacramento Metropolitan Air Quality Management District

Subject: Approve Resolutions Adopting Amendments to:

1. Rule 801 – NEW SOURCE PERFORMANCE STANDARDS
2. Rule 904 – AIR TOXICS CONTROL MEASURES

Recommendations

1. Determine that the amendments to Rules 801 and 904 are exempt from the California Environmental Quality Act (CEQA); and
 2. Approve the attached resolutions adopting the amendments to Rules 801 and 904.
-

Executive Summary

Rule 801 adopts by reference the federal regulations contained in Title 40 of the Code of Federal Regulations (CFR), Part 60, Standards of Performance for New Stationary Sources. Commonly referred to as New Source Performance Standards (NSPS), these regulations limit emissions from new, modified, or reconstructed sources. In accordance with the federal Clean Air Act, the U.S. Environmental Protection Agency (EPA) has delegated to the District the authority to implement and enforce the NSPS. Amendments to Rule 801 incorporate five new NSPS subparts promulgated by EPA as well as the most recent amendments to existing subparts.

Rule 904 adopts by reference the Airborne Toxic Control Measures (ATCMs) for nonvehicular sources contained in Title 17 of the California Code of Regulations (CCR). These statewide measures limit the emissions of toxic air contaminants from certain source categories. State law requires the District to implement and enforce the ATCMs. Amendments to Rule 904 incorporate six new ATCMs that have been adopted by the California Air Resources Board (CARB).

The proposed amendments to Rules 801 and 904 impose no new requirements on sources within the District. Affected sources are already required to comply

with these regulations under state and federal law. The regulations are being adopted by the District to facilitate their implementation and enforcement.

Attachments

The table below identifies the attachments to this memo:

Item	Attachment	Page #
Board Resolution for Rule 801	A	7
Board Resolution for Rule 904	B	10
Draft Rule 801	C	13
Draft Rule 904	D	25
Staff Report	E	29
Evidence of Public Notice	F	49

Background

Rule 801

The NSPS are promulgated by EPA and apply to new, modified and reconstructed sources. The purpose of these standards is to require best demonstrated technology to achieve continuous emission reductions. The NSPS program takes into consideration compliance costs, environmental impact, and energy effects, among other factors.

The federal Clean Air Act authorizes EPA to delegate authority to states or local districts. The District first accepted delegation and implementation responsibility for the NSPS program on December 8, 1978.

Rule 801, adopted on November 19, 1991, incorporates the NSPS program by reference into the District rules. Sources are required to comply with all applicable NSPS subparts regardless of whether or not they are adopted by the District; however, adoption by the District facilitates implementation and enforcement, and makes it easier for sources to identify applicable requirements.

EPA continues to amend NSPS regulations and to promulgate NSPS for new source categories and industries. The District amended Rule 801 in 1993, 1996, 1998, 2001 and 2004 to update the rule with the most recent NSPS regulations.

Rule 904

CARB adopts ATCMs to reduce the emissions of identified toxic air contaminants. Section 39666 of the Health and Safety Code gives CARB the

authority to adopt ATCMs for nonvehicular sources, while Section 39667 gives CARB the authority to adopt ATCMs for vehicular emissions.

Section 39666(d) of the Health and Safety Code requires districts to implement and enforce ATCMs for nonvehicular sources. District Rule 904, adopted on May 1, 1997, incorporates by reference the ATCMs contained in Title 17 of the CCR. Adopting by reference facilitates implementation and enforcement and makes it easier for sources to identify applicable requirements. Rule 904 was last amended on January 22, 2004 to update the rule with newly adopted ATCMs.

Summary of Changes

Rule 801

Since Rule 801 was last amended on January 22, 2004, EPA has added five new NSPS subparts: VVa (Equipment Leaks in Synthetic Organic Chemical Manufacturing), GGGa (Equipment Leaks in Petroleum Refining), EEEE (Other Solid Waste Incineration (OSWI) Units), KKKK (Stationary Combustion Turbines) and IIII (Stationary Compression Ignition (CI) Internal Combustion Engines). Currently, there are no OSWI units or petroleum refineries operating within the District. There are approximately 1,350 stationary CI engines and 26 stationary combustion turbines under permit, and it is likely that there will be new sources of these types in the future that will become subject to subparts IIII and KKKK.

EPA amended several of the existing NSPSs. The amendments had the effect of adding acceptable alternative testing methods, monitoring devices and compliance demonstration procedures, updating emission limits to match current technology and narrowing the applicability of certain requirements.

Several stationary sources in the District have emission units that are subject to standards that have been amended. Three sources have boilers that are subject to subpart Dc (Small Industrial-Commercial-Institutional Steam Generating Units). Five sources have gas turbines that are subject to subpart GG (Stationary Gas Turbines). Two sources are subject to subpart WWW (Municipal Solid Waste Landfills). One source has chemical process units that are subject to subpart VV (Equipment Leaks in Synthetic Organic Chemical Manufacturing). If new chemical process units are constructed or if the existing units undergo modification or reconstruction in the future, they could become subject to the more stringent requirements of new subpart VVa.

Rule 904

Rule 904 was last amended on January 22, 2004. Since that time, CARB has adopted seven new ATCMs to control the emissions of toxic air contaminants

from additional nonvehicular source categories, and two existing ATCMs were amended.

- Section 93101.5 – ATCM to Reduce Emissions of Hexavalent Chromium and Nickel from Thermal Spraying. This ATCM limits the emissions of hexavalent chromium and nickel from thermal spraying operations. There are no permitted thermal spraying operations within the District, and no permit applications for thermal spraying operations are pending.
- Amended Section 93102 – ATCM for Chromium Plating and Chromic Acid Anodizing Facilities. This amended ATCM limits the emissions of toxic air contaminants from chromium electroplating and chromic acid anodizing facilities. It is applicable to the five permitted decorative electroplating facilities within the District. In addition, this ATCM applies to any person who sells, supplies, offers for sale, uses, or manufactures for sale in California a chromium electroplating or chromic acid anodizing kit.
- Amended Section 93109 – ATCM for Emissions of Perchloroethylene from Dry Cleaning and Water-Repelling Operations. This amended ATCM limits the emissions of perchloroethylene (perc) from dry cleaning and water-repelling operations. It is applicable to the approximately 67 permitted perc dry cleaning operations in the District. In addition, this ATCM applies to any person who sells, distributes, installs, owns, or operates dry cleaning equipment that uses any solvent that contains perc.
- Section 93114 – ATCM to Reduce Particulate Emissions from Diesel-Fueled Engines – Standards for Nonvehicular Diesel Fuel. This ATCM limits the emissions of toxic air contaminants from diesel-fueled engines. The ATCM applies to all nonvehicular diesel fuel offered, sold, or supplied for use.
- Section 93115 – ATCM for Stationary Compression Ignition (CI) Engines. This ATCM limits the emissions of diesel particulate matter and criteria pollutants from the use of stationary CI engines. It is applicable to the approximately one prime power, 160 agricultural and 978 emergency standby stationary CI engines. In addition, this ATCM applies to any person who sells, offers for sale, leases or purchases a stationary CI engine with a rated brake horsepower greater than 50.
- Section 93116 – ATCM for Diesel Particulate Matter from Portable Engines Rated at 50 Horsepower and Greater. This ATCM limits the emissions of diesel particulate matter and criteria pollutants from the use of diesel-fueled portable engines having a rated brake horsepower of 50 or greater. It is applicable to the approximately 653 engines within the District that are registered in the Statewide Portable Equipment Registration Program. It is expected that additional portable engines will operate within the District and be subject to this ATCM.

- Section 93117 – ATCM to Reduce Particulate Emissions from Diesel-Fueled Engines – Standards for Nonvehicular Diesel Fuel Used in Intrastate Diesel-Electric Locomotives and Harborcraft. This ATCM limits the emissions of air toxic contaminants from the use of nonvehicular diesel fuel in intrastate diesel-electric locomotives and harborcraft. It is applicable to all diesel fuel offered, sold or supplied for use in intrastate diesel-electric locomotives and harborcraft.
- Section 93118 – ATCM for Auxiliary Diesel Engines and Diesel-Electric Engines Operated on Ocean-Going Vessels Within California Waters and 24 Nautical Miles of the California Baseline. This ATCM limits the emissions of toxic air contaminants from the use of auxiliary diesel engines and diesel-electric engines on ocean-going vessels within regulated California waters. It applies to very few, if any, vessels that currently navigate waterways within Sacramento County.

Note: The ATCM Section 93119 for limiting onboard incineration on cruise ships and oceangoing ships is not included in Rule 904 because Sacramento County has no coastline; therefore, this ATCM is not applicable to the District.

Business Cost Impacts

The proposed amendments to Rules 801 and 904 will not result in additional costs to affected businesses. Sources must comply with the requirements included in Rules 801 and 904 whether or not the District adopts the requirements. The NSPS subparts included in Rule 801 are already in effect under federal regulations and are enforceable by EPA. The ATCMs included in Rule 904 are already in effect under state regulations and are enforceable by CARB. The action of adopting these regulations by reference does not impose any additional requirements on affected sources.

District Impacts

The proposed amendments are not expected to result in an additional need for staff resources.

Emission Impacts

Because sources are already required to comply with the federal NSPS and state ATCM requirements, the proposed amendments are not expected to produce additional emission reductions.

Environmental Review and Compliance

Staff finds that the proposed amendments to Rules 801 and 904 are exempt from the California Environmental Quality Act (CEQA) as ministerial actions under Section 15268 of the State CEQA Guidelines.

Public Comments

Staff held two workshops to discuss the amendments to Rule 801 and Rule 904. These workshops, which also included a discussion of proposed Rule 311, Registration Fees for Agricultural Compression Ignition Engines, were held on February 11, 2008 in Wilton and February 12, 2008 in Walnut Grove. Rule 311 will be considered at the April 2008 Board meeting. The workshop notice was mailed to all persons who have requested rulemaking notices and to all addresses on the Sacramento County Agricultural Commissioner's list of pesticide users. The notice was also distributed by the Sacramento County Farm Bureau by e-mail. In addition, the amended rules were submitted to EPA and CARB for review. No public comments on Rules 801 or 904 were received at the workshops.

A notice for the public hearing to consider the amendments to Rules 801 and 904 was published in the Sacramento Bee on February 26, 2008, and the text of the proposed changes was made available on that day. The notice was mailed to all persons who have requested rulemaking notices, and the amended rules were submitted to EPA and CARB for review. Any comments that are received prior to the Board hearing on March 27, 2008 will be presented at the hearing.

Conclusion

The proposed amendments to Rules 801 and 904 are necessary and proper to allow the District to exercise its authority to implement and enforce these requirements. Staff recommends that the Board approve these amendments.

Respectfully Submitted

Approved to form:

Larry Greene; Air Pollution Control Officer
Sacramento Metropolitan
Air Quality Management District

Kathrine Pittard, District Counsel
Sacramento Metropolitan
Air Quality Management District

Attachments