

Meeting Date: 3/25/2021
Report Type: PUBLIC HEARINGS
Report ID: 2021-0325-4.



Title: AB 617 Best Available Retrofit Control Technology Determination for Natural Gas Production Operations

Recommendation: Conduct a public hearing and 1) determine that the approval of the Best Available Retrofit Control Technology (BARCT) determination for Natural Gas Production Operations is not subject to the California Environmental Quality Act (CEQA), and 2) adopt a resolution approving the BARCT determination for Natural Gas Production Operations.

Rationale for Recommendation:

California Assembly Bill (AB) 617 was signed into law on July 26, 2017. Among its provisions, each air district that is a nonattainment area for one or more air pollutants must adopt an expedited schedule for implementation of Best Available Retrofit Control Technology (BARCT) [California Health and Safety Code Section 40920.6]. This requirement applies to each industrial source subject to the California Greenhouse Gas Cap-and-Trade regulation [Title 17, California Code of Regulations, Section 95802 *et seq.*]. The District's Board of Directors adopted its expedited BARCT schedule on October 25, 2018. The schedule included a commitment to evaluate BARCT for Natural Gas Production Operations and, if necessary, adopt a District rule to implement BARCT for this source category. Staff has completed its analysis of potential BARCT requirements and has concluded that the implementation and enforcement of California's Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities [Title 17, California Code of Regulations, Section 95665 *et seq.*] meets BARCT for sources in Sacramento County.

Staff is recommending the Board approve the following Natural Gas Production Operations BARCT determination: the District's implementation and enforcement of California's Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities meets the AB 617 requirements in accordance with the District's AB 617 Expedited BARCT Implementation Schedule.

Contact: Kevin J. Williams, Ph.D., Program Supervisor, 916-874-4851

Presentation: Yes

ATTACHMENTS:

Attachment 1: Resolution

Attachment 2: Exhibit A - AB 617 BARCT Analysis for Natural Gas Production Operations

Attachment 3: Presentation

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 3/18/2021

District Counsel or Designee: Kathrine Pittard, Approved as to Form 3/17/2021

Discussion / Justification:

The District is designated nonattainment for the federal and state ozone standards, the federal standard for particulate matter less than 2.5 microns in diameter (PM_{2.5}), and the state standard for particulate matter less than 10 microns in diameter (PM₁₀). Because nitrogen oxides (NO_x) and volatile organic compounds (VOC) are precursors to ozone and particulate matter formation, they are also subject to the AB 617 expedited BARCT requirements.

Natural Gas Production Operations are a significant source of VOC emissions. There are three industrial Greenhouse Gas Cap-and-Trade facilities in Sacramento County: a hydrogen plant owned by Air Products Manufacturing Corporation and two permitted natural gas compressor stations, with associated natural gas production equipment, owned by California Resources Production Corporation (CRPC). Under the Cap-and-Trade regulation, all of a company's oil and gas production operations in the same geological basin are treated as a single "facility." This item board report addresses the two CRPC stations; the Air Products BARCT will be addressed in a future Board item.

BARCT is defined as "an emission limitation that is based on the maximum degree of reduction achievable, taking into account environmental, energy, and economic impacts by each class or category of source" [California Health and Safety Code Section 40406]. Based on an analysis of available control technologies, other district rules, California's Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities and other rules and regulations for Natural Gas Production Operations, Staff has concluded that the District's implementation and enforcement of California's Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities, through a Memorandum of Agreement (MOA) with the California Air Resources Board, meets BARCT [<https://ww2.arb.ca.gov/sites/default/files/2020-03/Sacramento%20Revised%20MOA.pdf>].

Financial Considerations: Staff has concluded that no changes to any District rules are necessary to meet the AB 617 BARCT requirements for Natural Gas Production Operations. As a result, no additional enforcement resources will be required beyond the Staff time already dedicated to enforcement of California's Greenhouse Gas Emission Standards for Crude Oil and Natural Gas. Board approval of Staff's recommended BARCT determination will not result in additional costs to the District.

Emissions Impact: No changes to any District rules are necessary; therefore, no emissions reductions will result from the Board's approval of Staff's recommended BARCT determination.

Economic Impact: Staff has concluded no changes to any District rules are necessary to meet the AB 617 BARCT requirements for Natural Gas Production Operations. As a result, no additional requirements will be placed on any stationary sources. There will be no compliance costs or impacts to employment or the economy of the region.

Public Outreach/Comments: A notice for this public hearing was posted on the District's web site on February 22, 2021, inviting public comment and describing how comments may be submitted. The notice included a link to the AB 617 Best Available Retrofit Control Technology Analysis for Natural Gas Production Operations. As of March 18, 2021, no comments have been received. Any comments received after that date will be presented to the Board at the public hearing.

Environmental Review: The proposed action for the Board of Directors is to approve a determination that the District's implementation and enforcement of California's Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities meets the AB 617 BARCT requirements. Staff has concluded that this action is not a project subject to the CEQA because it will not cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment [Public Resources Code Section 21065 and State CEQA Guidelines Section 15378].