PLACER COUNTY
AIR POLLUTION CONTROL DISTRICT

STAFF REPORT

RULE 502

NEW SOURCE REVIEW

PROPOSED AMENDMENTS

AUGUST 8, 2013

PROPOSED AMENDMENT OF
RULE 502, NEW SOURCE REVIEW
STAFF REPORT

Executive Summary

Placer County Air Pollution Control District's (District) New Source Review (NSR) Rule 502 was amended on October 13, 2011, in order to obtain full approval of the United States Environmental Protection Agency (EPA) and the California Air Resources Board (ARB) for incorporation into the State Implementation Plan (SIP). Prior to adoption, staff had worked with these agencies and believed the proposed rule would be approvable. Upon legal review of the rule by EPA, they approved most of the rule, but also cited some new deficiencies that must be addressed before the rule can fully be approved into the SIP. EPA's action was published in the Federal Register on February 22, 2013, as FR 12267. EPA prepared a Technical Support Document (TSD) which gives the basis for the limited approval, limited disapproval. The TSD is included as an attachment to this staff report.

The limited disapproval resulted from two main deficiencies:

- The definition of "NSR Regulated Pollutant" does not specify that gaseous emissions which condense to form either PM10 or PM2.5 must be counted as PM10 or PM2.5, respectively.

- EPA has revised its policy regarding PM2.5 interpollutant offset ratios. Any ratio involving PM2.5 precursors now must be submitted to EPA for approval for use in a district's interpollutant offset program for PM2.5 nonattainment areas. Section 303.6.4 of the rule states specific offset ratios. This section must be deleted or the District must submit a technical demonstration that shows the net air quality benefits of such ratio for the relevant PM2.5 nonattainment area.

EPA also has suggested that a potential issue with the rule in the future is lack of a threshold for lead emissions where a public notice would be required. This was a recent issue with Sacramento Metropolitan Air Quality Management District's New Source Review rule.

The proposed amendments to Rule 502 to remove these deficiencies are:

- Add a sentence to the PM10 definition to address condensable emissions: "Gaseous emissions which condense to form PM10 shall also be counted as PM10", and

- Add a sentence to the PM2.5 definition to address condensable emissions: "Gaseous emissions which condense to form PM2.5 shall also be counted as PM2.5", and

- To address the interpollutant ratio issue, delete the wording in section 303.6.4 "The interpollutant offset ratios for PM2.5 shall be: NOx to PM2.5--100:1 and SOx to PM2.5--40:1, and add "Interpollutant emission offsets between PM2.5 and PM2.5 precursors are not allowed unless modeling demonstrates that PM2.5 interpollutant offset ratios are appropriate in an approved PM2.5 attainment plan", and

- The potential lead public notice issue can be resolved by adding the following sentence to Section 103: "The public notification requirements of Sections 406 and 407 also apply to all new or modified stationary sources that are projected to emit increased actual lead emissions at a rate of 5 tons per year or greater". A similar statement is also added to Section 406.

Discussion of Proposed Amendments

Amended Rule 502, New Source Review, was adopted by the District Board on October 13, 2011 and submitted to EPA via the ARB by a letter dated November 18, 2011, for a revision of the California State Implementation Plan. The current NSR version of Rule 502 in the SIP has a limited approval, limited disapproval. In a Federal Register announcement (72 FR 12267) on February 22, 2013, EPA approved the bulk of Rule 502 for incorporation into the SIP with disapproval of several minor items. The limited disapproval does not prevent the District from enforcing the rule as federally enforceable.

One of the issues is that EPA has clarified definitions of PM10 and PM2.5 to include both solid and condensable gas components. Rule 502 needs to reflect this fact. While the District has always understood that the condensable component is part of the PM10 and PM2.5, it was not spelled out in the definition. Test procedures specified in the permits issued by the District have consistently required measuring both the solid and condensable components.

The definitions in the rule (Section 238, PM2.5 and Section 239, PM10) are amended to add the sentence:

> *Gaseous emissions which condense to form PM2.5 shall also be counted as PM2.5*
>
> or
>
> *Gaseous emissions which condense to form PM10 shall also be counted as PM10.*

The second deficiency in Rule 502 noted by EPA has to do with interpollutant offset ratios for PM2.5. Section 303.6.4 of the rule states:

> *The interpollutant offset ratios for PM2.5 shall be: NOx to PM2.5 – 100 to 1 and SOX to PM2.5 – 40 to 1.*

This means that if a source is required to provide offsets for PM2.5, they have the option of providing 100 pounds of NOx for each pound of PM2.5 needed. The rational for this is that NOx is a precursor for PM2.5 and 100 pounds of NOx can result in one pound of PM2.5. Likewise, SOx can produce PM2.5. These ratios were originally recommended by EPA.

Since the District last amended Rule 502, EPA has revised its policy regarding PM2.5 interpollutant offset ratios. EPA now says that in order to use these offset ratios, the District will need to provide a submittal making the necessary demonstration of these ratios in our region.

The amended Rule 502 deletes the specific ratios in this section (Section 303.6.4). A sentence is added to the section which states: "Interpollutant emission offsets between PM2.5 and PM2.5 precursors are not allowed unless modeling demonstrates that PM2.5 interpollutant offset ratios are appropriate in an approved PM2.5 attainment plan". This demonstration is a very involved analysis and the District does not plan to conduct it at this time.

The final issue with the rule is the suggestion by EPA to add a statement dealing with when a public notice is required for new lead emissions. The trigger for when a public notice is required for most pollutants is when a new or modified source is required to provide offsets. There is not an offset threshold for lead, so the notice would never be required by the current rule. The Federal Clean Air Act requires a public notice for lead when new emissions of lead are at five tons per year or more.

The amended rule adds a sentence to Section 103, Public Notification Requirements that states:

> *The public notification requirements of Sections 406 and 407 also apply to all new or modified stationary sources that are projected to emit increased actual lead emissions at a rate of 5 tons per year or greater.*

A similar statement is also added to Section 406.

Currently, there are no sources in the District that emit significant quantities of lead. The only permit issued in recent history that had lead emissions was for the repainting of the Foresthill Bridge. In this project, the old paint that was removed by shot blasting contained lead. While the paint stripping was contained in enclosures with the air exhausted through filters, some lead was emitted to the air. The permit limit for lead emissions is 32 pounds per year.

Fiscal Impact

The proposed amendment of Rule 502 should have no fiscal impact on permit applicants as compared with business under the current version of the rule. The clarification of the

definitions of PM2.5 and PM10 to include condensable components does not change how the District has been treating PM2.5 and PM10.

Eliminating the stated interpollutant offset ratios for PM2.5 precursors is not likely to cause a fiscal impact to permit applicants because the ratios are so extreme that they would not be used.

Specifying that a public notice is required for increased lead emissions of five tons per year or more is not likely to cause increased costs to the applicant or the District because the type of industry in the District does not have lead emissions.

Analysis and Findings

The following Analysis and the subsequent Findings are intended to address the requirements set forth in the Health and Safety Code relating to adoption of a new or amended District Rule, as well as other State statutes referenced herein.

Cost-Effectiveness of a Control Measure

California Health & Safety Code (H&S) Section 40703 requires a District to consider and make public "the cost-effectiveness of a control measure". Since the amendment of Rule 502 has no cost impact on the public or permit applicants, there is no cost-effectiveness related to this action.

Socioeconomic Impact

H&S Section 40728, in relevant part, requires the Board to consider the socioeconomic impact of any new rule if air quality or emission limits are significantly affected. However, Districts with a population of less than 500,000 persons are exempted from the socioeconomic analysis. In 2012, the population of Placer County was approximately 355,000 persons.

California Environmental Quality Act (CEQA)

Proposed amended Rule 502 is not an activity that may cause a direct or reasonably foreseeable indirect physical effect in the environment therefore not considered a "project", as defined by Section 21065 of the California Public Resource Code and Section 15378(b)(4)&(5) of the CEQA guidelines. A CEQA analysis is therefore not necessary.

The amendments to Rule 502 are changes to bring the current rule into compliance with the federal Clean Air Act.

Findings

A. **Necessity –** The amendment of Rule 502 is necessary in order to obtain federal and state recognition the District's New Source Review rule in the SIP.

B. **Authority –** California Health and Safety Code, Sections 40000, 40001, 40701, 40702, and 40716 are provisions of law that provide the District with the authority to adopt this amended Rule.

C. **Clarity –** There is no indication, at this time, that the proposed Rule is written in such a manner that persons affected by the Rule cannot easily understand them.

D. **Consistency –** The regulation is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations.

E. **Non-duplication –** The regulation does not impose the same requirements as an existing state or federal regulation.

F. **Reference –** All statutes, court decisions, and other provisions of law used by PCAPCD in interpreting this regulation is incorporated into this analysis and this finding by reference.

RULE 502 NEW SOURCE REVIEW

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(Amended 05-24-77, 06-19-79, 09-21-93, 11-03-94, 08-09-01, 12-09-04,
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100 GENERAL

101 PURPOSE: The purpose of this rule is to provide for the review of new and modified stationary air pollution sources and to provide mechanisms, including emission offsets, by which authorities to construct for such sources may be granted without interfering with the attainment or maintenance of ambient air quality standards.

102 APPLICABILITY: This rule shall apply to all new stationary sources and emissions units and all modifications to existing stationary sources and emissions units that, after construction, emit or may emit any NSR regulated pollutant within the District.

If any source or modification becomes a major source or major modification solely by virtue of the relaxation of any limitation that was established after August 7, 1980, on the capacity of the source or modification to emit a federal nonattainment pollutant or its precursor such as a restriction on hours of operation, then the requirements of this rule shall apply to such a source or modification as though construction had not yet commenced on the source or modification.

This rule shall not apply to prescribed burning of forest, agriculture or range land; open burning in accordance with District Regulation 3, OPEN BURNING; road construction, or any non-point source common to timber harvesting or agricultural practices.

The regulations in effect at the time any application for an Authority to Construct for a new or modified source is deemed complete shall apply to that source except when a new federal requirement not yet incorporated into this Rule applies to the new or modified source.

103 PUBLIC NOTIFICATION REQUIREMENTS: ~~If the project is for a new or modified stationary source or emissions unit for which offsets are required pursuant to Section 303.1, the~~ The public notice requirements of Sections 406 and 407 shall apply~~.~~ if the project is for a new or modified stationary source or emissions unit for which offsets are required pursuant to Section 303.1, and to all new or modified stationary sources that are projected to emit increased actual lead emissions at a rate of 5 tons per year or greater.

200 DEFINITIONS: The following definitions apply for all terms used in this Rule. If a term is not defined below, then the definitions provided in Rule 102, DEFINITIONS, and Rule 504, EMISSIONS REDUCTION CREDITS, apply in that hierarchical order.

201 ACTUAL EMISSIONS: Emissions having occurred from a source, based on source test and actual fuel consumption or process data, or monitoring data. If source test or monitoring data is not available, other appropriate, APCO-approved, emission factors may be used. Fugitive emissions associated with the emissions unit shall be included in the actual emissions of the emissions unit.

202 ACTUAL EMISSIONS REDUCTIONS (AER): The decrease of actual emissions, compared to Baseline Actual Emissions, from an emissions unit. AER shall be real, federally enforceable, quantifiable, surplus, and permanent.

203 ACTUAL INTERRUPTIONS OF ELECTRICAL POWER: When electrical service is interrupted by an unforeseeable event.

204 ALLOWABLE EMISSIONS: The emissions rate of a stationary source calculated using the maximum rated capacity of the source (unless the source is subject to federally enforceable limits which restrict the operating rate, hours of operation, or both) and the most stringent of the following:

204.1 Any applicable standards set forth in these regulations and 40 CFR Part 60, 61, or 63;

204.2 Any applicable emission limitation in the State Implementation Plan (SIP), including those with a future compliance date; or

204.3 The emissions rate specified as a federally enforceable permit condition, including those with a future compliance date.

205 AMBIENT AIR QUALITY STANDARDS: There are both State and federal ambient air quality standards. For the purpose of submittal to the U.S. Environmental Protection Agency for inclusion in the California State Implementation Plan all references in this rule to Ambient Air Quality Standards shall be interpreted as National Ambient Air Quality Standards.

206 BASELINE ACTUAL EMISSIONS (BAE):

206.1 "Baseline Actual Emissions" are the actual emissions for the existing emissions unit averaged over the consecutive two (2) year period immediately preceding the date of the application. If the last two years are unrepresentative of normal source operations as determined by the APCO, then any other 2 consecutive year period during the last five years which the APCO determines represents normal source operations may be used.

206.2 If, at any time during the 2 year period, actual emissions exceeded allowable emission levels, then actual emissions shall be reduced to reflect emission levels that would have occurred if the unit were in compliance with all applicable limitations and rules.

206.3 Where an emissions unit has been in operation for less than 2 years, a shorter averaging period of at least 12 months may be used, provided that the averaging period is representative of the full operational history of the emissions unit. If less than 12 months has passed since the date of issuance of the Permit to Operate then Actual Emissions shall be used as the Baseline Actual Emissions.

207 BEGIN ACTUAL CONSTRUCTION: Initiation of physical on-site construction activities on an emissions unit which is of a permanent nature. Such activities include, but are not limited to, installation of building supports and foundations, laying of underground pipework, and construction of permanent storage structures. With respect to a change in method of operation that does not involve a physical change, this term refers to those on-site activities, other than preparatory activities, which mark the start of the change in the method of operation.

208 BEST AVAILABLE CONTROL TECHNOLOGY (BACT): The most stringent emission limitation or control technique of the following:

208.1 Achieved in practice for such category and class of source; or

208.2 Contained in any SIP approved by the EPA for such category and class of source. A specific limitation or control technique shall not apply if the owner of the proposed emissions unit demonstrates to the satisfaction of the APCO that such a limitation or control technique is not presently achievable; or

208.3 Contained in an applicable federal New Source Performance Standard; or

208.4 Any other emission limitation or control technique, including process and equipment changes of basic or control equipment, found by the APCO to be cost effective and technologically feasible for such class or category of sources.

209 CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA): The California Environmental Quality Act, Public Resources Code, Section 21000, et seq.

210 CLASS I AREA: Any area listed as Class I in 40 CFR 81.405 or an area otherwise specified as Class I in the legislation that creates a national monument, a national primitive area, a national preserve, a national recreational area, a national wild and scenic river, a national wildlife refuge, a national lakeshore or seashore. The only designated Class I area within 20 miles of Placer County as of October 13, 2011 was Desolation Wilderness Area in El Dorado County.

211 COMMENCE: As applied to construction of a major stationary source or major modification means that the owner or operator has all necessary preconstruction approvals or permits and either has:

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

211.2 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.

212 CARGO CARRIERS: Cargo carriers are trains dedicated to a specific source.

213 CONSTRUCTION: Means any physical change or change in the method of operation (including fabrication, erection, installation, demolition, or modification of an emissions unit) which would result in a change in actual emissions.

214 CONTIGUOUS PROPERTY: Two or more parcels of land with a common point or boundary or separated solely by a public roadway or other public right-of-way.

215 COST-EFFECTIVE: A cost per unit of emissions reduction which is lower than or equivalent to the maximum unit costs of the same emissions reduction through the use of Best Available Control Technology, calculated in current year dollars, in accordance with methodology and criteria specified in guidelines developed by the District.

216 EMERGENCY ENGINES: A stationary engine that meets the criteria specified below:

216.1 It is installed for the primary purpose of providing electrical power or mechanical work for emergency use and is not the source of primary power at the facility; and

216.2 It is operated to provide electrical power or mechanical work during any emergency use; and

216.3 It is operated no more than 100 hours per year for maintenance and testing, emissions testing or initial start-up testing. Diesel engines may be further limited by the California Air Resources Board's Airborne Toxic Control Measure for Stationary Compression Engines in Section 93115.6(a)).

217 EMERGENCY USE: The providing of electrical power or mechanical work during any of the following events.

217.1 The failure or loss of all or part of normal electrical power service or normal natural gas supply to the facility, or the failure of a facility's internal power distribution system:

217.1.1 Which is caused by any reason other than the adherence to a contractual obligation the owner or operator has with a third party or any other party; and

217.1.2 Which is demonstrated by the owner or operator, to the APCO's satisfaction, to have been beyond the reasonable control of the owner or operator.

217.2 The pumping of water or sewage to prevent or mitigate a flood or sewage overflow.

217.3 The pumping of water for fire suppression or protection.

217.4 The powering of ALSF-1 or ALSF-2 airport runway lights under category II or III weather conditions.

217.5 The pumping of water to maintain pressure in the water distribution system for the following reasons:

217.5.1 A pipe break that substantially reduces water pressure; or

217.5.2 High demand on the water supply system due to high use of water for fire suppression; or

217.5.3 The breakdown of electric-powered pumping equipment at sewage treatment facilities or water delivery facilities.

217.6 The emergency operation of ski lifts during an actual interruption of normal electrical power service to the facility.

218 EMISSION DECREASE: Any modification that would result in an emission decrease of actual emissions.

219 EMISSION REDUCTION CREDITS (ERC): Reductions of actual emissions from emission units that are certified by an air district in accordance with that district's rules and are issued by the air district in the form of ERC certificates.

220 EMISSIONS LIMITATION: One or more federally enforceable permit conditions specific to an emissions unit that restricts its maximum emissions, at or below the emissions associated with the maximum design capacity; and that is contained in the latest Authority to Construct or enforceable by the latest Permit to Operate for the emission unit.

Emissions limitations should be stated in a manner consistent with testing procedures. They may be expressed as an enforceable design, operational, or equipment standard.

221 EMISSIONS UNIT: An identifiable operation or piece of process equipment such as an article, machine, or other contrivance which controls, emits, may emit, or results in the emissions of any air pollutant directly or as fugitive emissions.

222 FEDERALLY ENFORCEABLE: All limitations and conditions which are enforceable by the EPA administrator, including those requirements developed pursuant to 40 CFR parts 60, 61 and 63, requirements within the California State Implementation Plan (SIP), any

permit requirements established pursuant to 40 CFR 52.21 or under regulations approved pursuant to 40 CFR part 51, subpart I, including operating permits issued under an EPA-approved program that is incorporated into the SIP and expressly requires adherence to any permit issued under such program.

223 FUGITIVE EMISSIONS: Those emissions that could not reasonably pass through a stack, chimney, vent, or other functionally equivalent opening.

224 FUNCTIONALLY EQUIVALENT EMISSION UNIT: An emission unit that serves the identical function as the unit being replaced. The maximum rating and the potential to emit any pollutant shall not be greater from the functionally equivalent emission unit than the replaced unit. The emission increase from any such replacement shall not result in a major modification.

225 HALOGENATED HYDROCARBONS: For the purposes of this rule, halogenated hydrocarbons are the following:

225.1 1,1,1-trichloroethane
225.2 methylene chloride
225.3 2,2-dichloro-1,1,1-trifluoroethane (HCFC-123)
225.4 2-chloro-1,1,1,2-tetrafluoroethane (HCFC-124)
225.5 trichlorofluoromethane (CFC-11)
225.6 dichlorodifluoromethane (CFC-12)
225.7 1,1,1-trichloro-2,2,2-trifluoroethane (CFC-113)
225.8 1-chloro-1,1-difluoro-2-chloro-2,2-difluoroethane (CFC-114)
225.9 chloropentafluoroethane (CFC-115)
225.10 pentafluoroethane (HFC-125)
225.11 1,1,2,2-tetrafluoroethane (HFC-134)
225.12 tetrafluoroethane (HFC-134a)
225.13 1,1-dichloro-1-fluoroethane (HCFC-141b)
225.14 1-chloro-1,1-difluoroethane (HCFC-142b)
225.15 1,1,1-trifluoroethane (HFC-143a)
225.16 chlorodifluoromethane (HCFC-22)
225.17 trifluoromethane (HFC-23)
225.18 1,1-difluoroethane (HFC-152a)
225.19 The following four classes of perfluorocarbon compounds:

a. Cyclic, branched, or linear, completely fluorinated alkanes.
b. Cyclic, branched, or linear, completely fluorinated ethers, with no unsaturations.
c. Cyclic, branched, or linear, completely fluorinated tertiary amines with no unsaturations.
d. Sulfur-containing perfluorocarbons with no unsaturations and with sulfur bonds only to carbon and fluorine.
e. Perfluorocarbon compounds will be assumed to be absent from a product or process unless a manufacturer or facility operator identifies the specific individual compounds (from the broad classes of perfluorocarbon compounds) and the amounts present in the product or process and provides a validated test method which can be used to quantify the specific compounds.

226 HAZARDOUS AIR POLLUTANT (HAP): Any air pollutant listed pursuant to Section 112(b) of the Federal Clean Air Act as amended in 1990 (42 U.S.C. Section 7401 et seq.).

227 HISTORIC ACTUAL EMISSIONS (HAE): Historic Actual Emissions shall be calculated for each pollutant.

227.1 For a new emissions unit Historic Actual Emissions are equal to zero.

227.2 For an existing emissions unit, Historic Actual Emissions equals either, in hierarchical order;

227.2.1 The federally enforceable potential to emit (PTE) limit contained in the most recent Authority to Construct or Permit to Operate, if actual emissions are at least 80% of the permitted PTE limit, or

227.2.2 The federally enforceable PTE limit contained in the most recent Authority to Construct or Permit to Operate, if the emission unit was fully offset for any emission increases incurred since September 21, 1993, within the 5 year period prior to the date of application for the current project, or

227.2.3 The Baseline Actual Emissions.

228 **IDENTICAL EMISSION UNIT:** A replacement emissions unit which is the same as the original unit in all respects except for serial number.

229 **LAKE TAHOE AIR BASIN:** Established pursuant to Section 39606 of the Health & Safety Code of the State of California and as described in Title 17, California Code of Regulations, Section 60113 (b), the basin includes that portion of Placer County within the drainage area naturally tributary to Lake Tahoe including said Lake, plus that area in the vicinity of the head of the Truckee River described as follows: commencing at the point common to the aforementioned drainage area crest line and the line common to Townships 15 North and 16 North, Mount Diablo Base and Meridian (M.D.B. & M.), and following that line in a westerly direction to the northwest corner of Section 3, Township 15 North, Range 16 East, (M.D.B. & M.), thence south along the west line of Sections 3 and 10, Township 15 North, Range 16 East, M.D.B. & M., to the intersection with the drainage crest line, thence following the said drainage area boundary in a southwesterly, then northeasterly direction to and along the Lake Tahoe Dam, thence following the said drainage area crest line in a northeasterly, then northwesterly direction to the point of beginning. This Air Basin is delineated on an official map on file at the California Air Resources Board Headquarters Office.

230 **MAJOR STATIONARY SOURCE – SACRAMENTO AIR BASIN:** A stationary source which emits or has the potential to emit: 25 tons per year (tpy) or more of nitrogen oxides or reactive organic compounds, or 100 tpy or more of sulfur oxides, or PM2.5. In addition, any physical change occurring at a stationary source not otherwise qualifying as a major stationary source, which would constitute a major stationary source by itself, makes the source a major stationary source.

231 **MAJOR STATIONARY SOURCE – MOUNTAIN COUNTIES AIR BASIN:** A stationary source which emits or has the potential to emit 25 tons per year (tpy) or more of nitrogen oxides or reactive organic compounds. In addition, any physical change occurring at a stationary source not otherwise qualifying as a major stationary source, which would constitute a major stationary source by itself, makes the source a major stationary source.

232 **MAJOR MODIFICATION:** A modification to a major stationary source in the Sacramento or Mountain Counties Air Basins which results in a significant emissions increase of the pollutant for which the source is classified as a major stationary source. For nitrogen oxides and reactive organic compounds, the increase shall be aggregated with all other increases and decreases in potential to emit over the period of the four consecutive years before the application for modification, plus the calendar year of the most recent application.

233 MODIFICATION: Any physical change, change in method of operation (including change in fuel characteristics), addition to, or any change in hours of operation, or change in production rate of, which:

233.1 For an emissions unit: would necessitate a change in permit conditions, permit equipment description, or emissions limitation.

233.2 For a stationary source: is a modification of any emissions unit, or addition of any new emissions unit.

233.3 Unless previously limited by a permit condition and that permit condition must be changed, the following shall not be considered a modification:

233.3.1 A change in ownership.

233.3.2 Routine maintenance and repair, or an identical replacement.

233.3.3 The addition of a continuous emission monitoring system.

233.3.4 The replacement of air pollution control equipment with new control equipment if the actual emissions of the new equipment are less than or equal to those from the original piece of equipment and the replacement is not a major modification under the United States Environmental Protection Agency (EPA) regulations promulgated pursuant to Title I of the Federal Clean Air Act, including 40 CFR Part 51.

233.3.5 Use of an alternative fuel or raw material by reason of an order under Sections 2(a) and (b) of the Energy Supply and Environmental Coordination Act of 1974 (or any superseding legislation), or by reason of a natural gas curtailment plan pursuant to the Federal Power Act.

233.3.6 Use of an alternative fuel by reason of an order or rule under Section 125 of the Act.

233.4 A reconstructed stationary source or emissions unit shall be treated as a new stationary source or emissions unit, not as a modification.

234 MOUNTAIN COUNTIES AIR BASIN: Established pursuant to Section 39606 of the Health & Safety Code of the State of California and as described in Title 17, California Code of Regulations, Section 60111 (I), the Mountain Counties Air Basin includes all of Placer County except that portion included in the Lake Tahoe Air Basin, defined by 17 CCR 60113(b), and that portion included in the Sacramento Valley Air Basin, defined by 17 CCR 60106(k).

235 NECESSARY PRECONSTRUCTION APPROVALS OR PERMITS: Federal air quality control laws and regulations and those air quality control laws and regulations which are part of the SIP.

236 NONATTAINMENT POLLUTANT: Any pollutant as well as any precursors of such pollutants which have been designated "nonattainment" by the U.S. Environmental Protection Agency as codified in 40 CFR 81.305, or which has been designated nonattainment by the California Air Resources Board pursuant to Section 39607 of the Health and Safety Code for specific air basins in Placer County.

237 NSR REGULATED POLLUTANT: A pollutant for which an Ambient Air Quality Standard has been established by the EPA or by the California Air Resources Board (ARB), and

the precursors to such pollutants, including, but not limited to, reactive organic compounds (ROC), nitrogen oxides (NOx), sulfur oxides (SOx), PM10, PM2.5, carbon monoxide (CO) and lead.

238 **PM2.5:** Particulate matter with an aerodynamic diameter smaller than or equal to a nominal 2.5 microns. Gaseous emissions which condense to form PM2.5 shall also be counted as PM2.5.

239 **PM10:** Particulate matter with an aerodynamic diameter smaller than or equal to a nominal 10 microns. Gaseous emissions which condense to form PM10 shall also be counted as PM10.

240 **PORTABLE EQUIPMENT:** Equipment that is periodically relocated and is not operated more than a total of 180 days at any one location in the District within any continuous twelve (12) month period.

241 **POTENTIAL TO EMIT (PTE):** The maximum physical and operational design capacity to emit an air pollutant. Any limitation on the physical or operational design capacity, including emission control devices and restrictions on hours of operation, or on the type, or amount of material combusted, stored, or processed, may be considered as part of the design only if the limitation, or the effect it would have on emissions, is incorporated into the Authority to Construct as a federally enforceable permit condition. Fugitive emissions associated with the emissions unit or stationary source shall be included in the potential to emit of the emissions unit or stationary source.

242 **PRECURSOR:** A pollutant that, when emitted into the atmosphere, may undergo either a chemical or physical change which then produces another pollutant for which an Ambient Air Quality Standard has been adopted, or whose presence in the atmosphere will contribute to the violation of one or more Ambient Air Quality Standards. The following precursor-secondary air contaminant relationships shall be used for the purposes of this rule:

Precursor		Secondary Air Contaminant
Reactive Organic Compound		a. Photochemical oxidants (Ozone) b. Organic fraction of PM10
Nitrogen Oxides		a. Nitrogen dioxide b. Nitrate fraction of PM10 c. Nitrate fraction of PM2.5 d. Photochemical oxidants (Ozone)
Sulfur Oxides		a. Sulfur dioxide b. Sulfates c. Sulfate fraction of PM10 d. Sulfate fraction of PM2.5

243 **PREVENTION OF SIGNIFICANT DETERIORATION (PSD):** A federal permitting program for new and modified major stationary sources of air pollution for pollutants that do not exceed National Ambient Air Quality Standards.

244 **PRIORITY RESERVE BANK:** A depository for preserving emission reduction credits pursuant to Rule 505, PRIORITY RESERVE.

245 **PROPOSED EMISSIONS:** Emissions based on the potential to emit for the new or modified emissions unit which will be incorporated into the permit as federally enforceable permit conditions.

246 **QUARTERLY:** Calendar quarters beginning January 1, April 1, July 1, and October 1.

247 QUARTERLY EMISSION LIMITATION: One or a combination of permit conditions specific to an emissions unit that restricts its maximum emissions, in pounds per quarter, at or below the emissions associated with the maximum design capacity. A quarterly emissions limitation must be:

247.1 Contained in the latest Authority to Construct or enforceable by the latest Permit to Operate for the emissions unit, and

247.2 Enforceable on a quarterly basis.

248 REACTIVE ORGANIC COMPOUND: For the purposes of this rule, reactive organic compound (ROC) has the same definition as volatile organic compound (VOC) in Rule 102, DEFINITIONS.

249 RECONSTRUCTED SOURCE: Any stationary source or emissions unit undergoing physical modification where the fixed capital cost of the new components exceeds 50 percent of the fixed capital cost of a comparable entirely new stationary source or emissions unit. Fixed capital cost means that capital needed to provide all the depreciable components. A reconstructed source shall be treated as a new stationary source or emissions unit.

250 REDUCED SULFUR COMPOUNDS: The sulfur compounds hydrogen sulfide, carbon disulfide and carbonyl sulfide.

251 REPLACEMENT EMISSION UNIT: An emissions unit for which all the criteria listed below are met. No creditable emission reductions shall be generated from shutting down the existing emissions unit that is replaced unless:

251.1 The emissions unit is a reconstructed unit within the meaning of 40 CFR 60.15(b)(1), or the emissions unit completely takes the place of an existing emissions unit, or

251.2 The emissions unit is an identical emission unit or a functionally equivalent emission unit, or

251.3 The replacement does not alter the basic design parameters of the process unit, and

251.4 The replaced emissions unit is permanently removed from the stationary source, otherwise permanently disabled, or permanently barred from operation by a permit that is federally enforceable. If the replaced emissions unit is brought back into operation, it shall constitute a new emissions unit.

252 SACRAMENTO VALLEY AIR BASIN: Established pursuant to Section 39606 of the Health & Safety Code of the State of California and as described in Title 17, California Code of Regulations, Section 60106(k), the basin includes that portion of Placer County which lies west of Range 9 east, Mount Diablo Base and Meridian (M.D.B. & M.).

253 SIGNIFICANT: In reference to an emissions increase or the potential of a source to emit any of the following pollutants, a rate of emissions that would equal or exceed any of the following rates:

253.1 Carbon monoxide: 100 tpy;

253.2 Nitrogen oxides: 25 tpy;

253.3 Sulfur dioxide: 40 tpy;

253.4 Ozone: 25 tpy of VOCs or 25 tpy of nitrogen oxides;

253.5 PM10: 15 tpy

253.6 PM2.5: 10 tpy of direct PM2.5 emissions or 40 tpy of sulfur dioxide emissions or 40 tpy of nitrogen oxide emissions

253.7 Lead: 0.6 tpy.

254 SIGNIFICANT EMISSIONS INCREASE: For a regulated NSR pollutant, an increase in emissions that is significant for that pollutant.

255 STATIONARY SOURCE (SOURCE OR FACILITY): Any building, structure, facility, or emissions unit that emits or may emit any NSR regulated pollutant directly or as fugitive emissions.

255.1 Building, structure, facility, or emissions unit includes all pollutant emitting activities which:

255.1.1 belong to the same industrial grouping, and;

255.1.2 are located on one property or on two or more contiguous properties, and;

255.1.3 are under the same or common ownership, operation, or control or which are owned or operated by entities which are under common control.

255.2 Pollutant emitting activities shall be considered as part of the same industrial grouping if:

255.2.1 they belong to the same two digit standard industrial classification code under the system described in the 1987 Standard Industrial Classification Manual, or;

255.2.2 they are part of a common production process. (Common production process includes industrial processes, manufacturing processes and any connected processes involving a common material.)

255.3 The emissions of cargo carriers associated with the stationary source shall be considered emissions from the stationary source to the extent that emission reductions from these cargo carriers are proposed as offsets.

256 STATIONARY SOURCE PTE: The sum of the PTE for each emission unit which has been issued a Permit of Operate, Authority to Construct or for which an application has been submitted. Any fugitive emissions from such emission units shall be included in this calculation.

257 SURPLUS: The amount of emission reductions that are, at the time of generation of an Emissions Reduction Credit (ERC), not otherwise required by federal, state, or local law, not required by any legal settlement or consent decree, and not relied upon to meet any requirement related to the California State Implementation Plan (SIP). However, emission reductions required by a state statute that provides that the subject emission reductions shall be considered surplus may be considered surplus for purposes of this Rule if those reductions meet all other applicable requirements.

Examples of federal, state, and local laws, and of SIP-related requirements, include, but are not limited to, the following:

257.1 The federally-approved California SIP;

257.2 Other adopted state air quality laws and regulations not in the SIP, including but not limited to, any requirement, regulation, or measure that: (1) the District or the state has included on a legally-required and publicly-available list of measures that are scheduled for adoption by the District or the State in the future; or (2) is the subject of a public notice distributed by the District or the State regarding an intent to adopt such revision;

257.3 Any other source- or source-category specific regulatory or permitting requirement, including, but not limited to, Reasonable Available Control Technology (RACT), New Source Performance Standards (NSPS), National Emission Standards for Hazardous Air Pollutants (NESHAP), Best Available Control Measures (BACM), Best Available Control Technology (BACT), and the Lowest Achievable Emission Rate (LAER); and

257.4 Any regulation or supporting documentation that is required by the federal Clean Air Act but is not contained or referenced in 40 C.F.R. Part 52, including but not limited to: assumptions used in attainment and maintenance demonstrations (including Reasonable Further Progress demonstrations and milestone demonstrations), including any proposed control measure identified as potentially contributing to an enforceable near-term emissions reduction commitment; assumptions used in conformity demonstrations; and assumptions used in emissions inventories.

258 TEMPORARY SOURCE: Temporary emission sources such as pilot plants, and portable facilities which will be terminated or located outside the District after less than a cumulative total of 90 days of operation in any 12 continuous months.

259 TOTAL REDUCED SULFUR COMPOUNDS: The sulfur compounds hydrogen sulfide, methyl mercaptan, dimethyl sulfide and dimethyl disulfide.

300 STANDARDS

301 EMISSION AND OFFSET CALCULATIONS: The following provisions shall be used to calculate emission increases and decreases from all new and modified emissions units located at a stationary source.

301.1 BACT – Emissions Increase: The emissions increase for each emissions unit related to the project for the purposes of determining BACT applicability shall be calculated as the proposed emissions minus the Baseline Actual Emissions. Calculations shall be performed separately for each emissions unit for each calendar quarter.

301.2 Offsets - Emissions Increase or Decrease: The emissions increase or decrease for each emissions unit related to the project for the purposes of determining Offset applicability shall be calculated as the proposed emissions, minus the Historic Actual Emissions. Emission increases or decreases shall be calculated for each emission unit and the project as a whole.

301.3 Project Emissions: If a project consists of more than one emission unit, the total emissions from all emissions units shall be summed for each pollutant to determine the emissions increase for the project. The project includes the entire scope of the preconstruction application for a new or modified stationary source.

301.4 Calculation Periods: The emissions increase or decrease for a project shall be calculated on a daily, quarterly and annual basis for each pollutant.

301.5 Potential To Emit - Stationary Sources: The potential to emit of a new or modified stationary source shall be calculated as the sum of the potential to emit, including fugitive emissions, for all emissions units, based on emission limitations established by current Permits to Operate, Authorities to Construct where permits to operate have not been issued, and the pending application.

301.6 Quantity of Offsets Required For New Major Sources or Major Modifications: If offsets are required pursuant to Section 303.2, the quantity of offsets to be provided shall be determined by calculating the emission increase for the project and applying the appropriate offset ratio based on pollutant and location as specified in Section 303.3. The calculations shall be performed separately for each pollutant and each emissions unit for each calendar quarter.

301.7 Quantity of General (State) Offsets Required: If offsets are required pursuant to Section 303.1, the quantity of offsets to be provided shall be determined as follows:

301.7.1 If offsets have already been provided by a stationary source for a particular pollutant, then multiply the emission increase calculated for the project by the appropriate offset ratio based on pollutant and location as specified in Section 303.3, or

301.7.2 If no offsets have been provided previously by a stationary source for a particular pollutant, then subtract the offset threshold specified in Section 303.1 for that pollutant from the stationary source PTE and multiply the value by the appropriate offset ratio based on pollutant and location as specified in Section 303.3.

301.8 Quantity of Offsets Required For A Modification That Makes An Existing Source A Major Stationary Source: When the proposed modification will make an existing minor source a new major source, offsets required shall be calculated as the sum of proposed PTE for all emissions units installed after September 21, 1993 based on current permits to operate and Authority to Constructs where permits to operate have not been issued, plus the pending application, minus offsets supplied since September 21, 1993. Calculations shall be performed separately for each pollutant and each emissions unit for each calendar quarter. The offset ratios of Section 303.3 shall be applied to determine the ERCs required.

302 REQUIREMENT TO APPLY BEST AVAILABLE CONTROL TECHNOLOGY: An applicant shall apply Best Available Control Technology (BACT) to a new emissions unit or modification of an existing emissions unit, except cargo carriers, if the change would result in an increase in quarterly emissions of a NSR regulated pollutant from the new or modified emissions unit and if the PTE of the new or modified emissions unit equals or exceeds the levels specified below.

Pollutant	lb/day
Reactive organic compounds	10
Nitrogen oxides	10
Sulfur oxides	80
PM10	80
PM2.5	80
Carbon monoxide	550

Lead	3.3
Vinyl chloride	5.5
Sulfuric acid mist	38
Hydrogen sulfide	55
Total reduced sulfur compounds	55
Reduced sulfur compounds	55

303 OFFSET REQUIREMENTS

303.1 General Requirement to Provide Offsets: An applicant whose facility is located in the Sacramento Valley Air Basin or the Mountain Counties Air Basin shall provide offsets for a NSR regulated pollutant if the potential to emit of a new or modified source exceeds either of the threshold quantities listed below:

Pollutant	Pounds per quarter	Tons per year
Reactive organic compounds	5,000	10
Nitrogen oxides	5,000	10
Sulfur oxides	13,750	27.5
PM10	7,500	15
PM2.5	7,500	15
Carbon monoxide	49,500	99

303.2 Major Source or Major Modification Requirement to Provide Offsets**:** An applicant whose facility is located in the Sacramento Valley Air Basin or the Mountain Counties Air Basin, and whose project emissions will result in a new major source or major modification, shall provide offsets for each NSR regulated pollutant that constitutes a major source or major modification.

303.3 Location of Offsets and Offset Ratios**:** The applicable offset ratio shall be determined based on the location of the new or modified stationary source required to provide offsets and the distance to the location of the emission offsets, as indicated in the following table.

		Offset Ratio		Offset Ratio
Location of Offset		NOx and ROC		Other Pollutants
Same Source		1.0 to 1.0		1.0 to 1.0
Within 15-Mile radius and within the same air basin		1.3 to 1.0		1.2 to 1.0
Greater than 15-Miles but within 50-Mile radius within the same air basin		1.5 to 1.0		1.5 to 1.0
Greater than 50-Mile radius and within the same air basin		Greater than 1.5 to 1.0		Greater than 1.5 to 1.0

303.3.1 The APCO may impose, based on the air quality analysis, a higher offset ratio such that the new or modified stationary source will not prevent or interfere with the attainment or maintenance of any ambient air quality standard.

303.3.2 Applicants providing offsets obtained pursuant to Rule 505, PRIORITY RESERVE, shall be subject to an offset ratio of 1.2 to 1.0 for all pollutants, except NOx and VOC, at all distances. The offset ratio for NOx and VOC offsets obtained pursuant to Rule 505, PRIORITY RESERVE, shall be subject to an offset ratio of 1.3 to 1.0 at all distances.

303.4 General Offset Provisions

303.4.1 All offsets shall be real, surplus, federally enforceable, quantifiable and permanent.

303.4.2 All offsets provided for major sources and major modifications shall be surplus at the time ERCs are surrendered to the District.

303.4.3 All offsets shall be surrendered to the District prior to the initial startup of the new or modified source, and the offsets shall be maintained throughout the operation of the new or modified source which is the beneficiary of the offsets.

303.4.4 Offsets can only come from air basins with the same or worse air quality designations than that of the stationary source requiring the offsets.

303.4.5 In no case shall halogenated hydrocarbons, exempt compounds or any other compound excluded from the definition of reactive organic compounds, be used as offsets for reactive organic compounds.

303.4.6 For sources which have provided full offsets of total suspended particulate (TSP), the PM10 emissions from an existing stationary source shall be recalculated from the TSP emission increases and decreases which have occurred since December 31, 1976, using PM10 emission factors. When PM10 emission factors do not exist, it shall be assumed that 50% of the TSP is PM10.

303.5 Timing of Quarterly Emission Offsets: Sufficient offsets shall be provided, from the same calendar quarter as the proposed emission increase, with the following exceptions:

303.5.1 Emission reductions of reactive organic compounds or nitrogen oxides during the quarters starting April 1 or July 1 may be used to offset emission increases of the same pollutants during any calendar quarter.

303.5.2 Emission reductions of carbon monoxide during the quarters starting January 1 or October 1 may be used to offset emission increases of carbon monoxide during any calendar quarter.

303.5.3 Emission reductions of PM10 or PM2.5 during the quarters starting January 1 or October 1 may be used to offset emission increases of PM10 or PM2.5 during any calendar quarter.

303.5.4 Emission reductions of sulfur oxides during any quarter may be used to offset emission increases of sulfur oxides during any calendar quarter.

303.6 Interpollutant Offsets

303.6.1 The APCO may approve interpollutant offsets for precursor pollutants on a case by case basis, provided that the applicant demonstrates, through the use of an air quality model, that the emission increases from the new or modified source will not cause or contribute to a violation of an ambient air quality standard.

303.6.2 Interpollutant offsets between PM10 and PM10 precursors are allowed only if PM10 precursors contribute significantly to the PM10 levels that exceed the PM10 ambient standards.

303.6.3 PM10 emissions shall not be allowed to offset nitrogen oxides or reactive organic compound emissions in ozone nonattainment areas, nor be allowed to offset sulfur oxide emissions in sulfate nonattainment areas.

303.6.4 ~~The interpollutant offset ratios for PM2.5 shall be: NOx to PM2.5 – 100:1 and SOx to PM2.5 – 40:1.~~ Interpollutant emission offsets between PM2.5 precursors are not allowed unless modeling demonstrates that PM2.5 interpollutant offset ratios are appropriate in an approved PM2.5 attainment plan.

303.6.5 EPA and ARB must concur with all proposed interpollutant offsets ratios prior to use.

303.7 Intra-District Offsets

303.7.1 ERCs generated in another district may be used to offset emission increases in Placer County.

303.7.2 If the ERC generating source and the source with the proposed emissions increase are not in the same air basin, both of the following requirements must be met:

a. The ERC generating source must be located in an upwind district that is classified, pursuant to Health and Safety Code Section 40910 et seq., as being in the same or a worse nonattainment status than the downwind district where the stationary source with the proposed emission increases will be located.

b. The stationary source at which the emission increases are to be offset must be located in a downwind district that is overwhelmingly impacted, as determined pursuant to Health and Safety Code Section 39610, by emissions transported from the upwind district where the ERC generating source is located.

303.7.3 Any offset credited to a stationary source in one district using offsets obtained from reductions at a stationary source in another district shall be approved by a resolution adopted by the governing boards of both the upwind and downwind districts, after taking into consideration the impact of the offset on air quality, public health, and the regional economy. The District's governing board may delegate to the APCO the Board's authority to approve the offsets credited.

303.7.4 For ERCs generated in another district, the District may adjust the value of such credits to reflect any District requirements that would have applied if the credits had been generated within the District.

303.8 Emission Reductions, Shutdowns, and Curtailments: Actual emission reductions from an internal shutdown or curtailment of a permitted emission unit may be credited for the purposes of providing internal offsets provided:

303.8.1 The crediting of emission reductions from source shutdowns and curtailments comply with the current U.S. Environmental Protection

Agency emissions trading policy and applicable federal regulations; and

303.8.2 Emissions reductions are ensured by federally enforceable emission limitations contained in the Permit to Operate, or the permanent surrender or cancellation of the Permit to Operate; and

303.8.3 If the shutdown emission unit is being replaced with a new or modified emission unit, the APCO may allow a maximum of 90 days as a shakedown period for simultaneous operation of the existing and the new or modified emission unit.

303.9 Exemptions From Offset Requirements

303.9.1 Offsets shall not be required for temporary sources or portable equipment, if the emissions from such units do not constitute a major source or major modification to a major source.

303.9.2 Offsets shall not be required for an emergency engine which is used exclusively for testing, maintenance and emergency use, if the emissions from the emergency engine, excluding emergency use, do not exceed the offset limit by itself.

303.9.3 Offsets shall not be required for increases in carbon monoxide emissions if the applicant, using an Air Quality Model approved by the APCO, demonstrates that the increase in ambient concentration does not exceed 500 micrograms per cubic meter, 8 hour average, at or beyond the property line of the stationary source.

303.9.4 The requirement to provide offsets shall not apply to the following:

a. Relocation of emissions units solely within only one air basin within the District, and the relocation does not result in any increase in potential to emit.

b. Replacement emissions units, provided the replacement does not constitute a major source or major modification.

c. Modifications necessary to comply with any regulations contained in Regulation 2 – PROHIBITIONS, or in the SIP, unless the modification will result in a major modification. This provision does not apply to changes in production rate, hours of operation, or any other change or modification not required for compliance with Regulation 2 or the SIP.

d. If requested by the APCO, the applicant shall demonstrate through the use of an air quality model that the emission increases from the new or modified source will not cause or contribute to a violation of an ambient air quality standard.

304 MAJOR SOURCE ADMINISTRATIVE REQUIREMENTS: The following administrative requirements shall apply to any new major source or major modification regulated by the rule. Power plants over 50 megawatts shall be subject to the additional requirements of Section 500.

304.1 Alternative Siting: The applicant shall prepare an analysis functionally equivalent to the requirements of Division 13 of the Public Resources Code (California

Environmental Quality Act-CEQA). The District will not issue an Authority to Construct unless the APCO has concluded, based on the information included in the Alternative Siting Analysis that the benefits of the proposed source significantly outweigh the environmental and social cost imposed as a result of its location, construction, or modification.

304.2 Certification of Compliance: The owner or operator of the proposed new or modified source has certified that all existing major stationary sources owned or operated by such person (or by any entity controlling, controlled by, or under common control with such person) in California which are subject to emission limitations are in compliance, or on an expeditious schedule for compliance, with all applicable emission limitations and standards.

304.3 Potential Visibility Impacts: The APCO shall consult with the Federal Land Manager on a proposed major stationary source or major modification that may impact visibility in any Class 1 Area, in accordance with 40 CFR 51.307 if the net emissions increase from the new or modified source exceeds 10 tons/year of PM2.5, 15 tons/year of PM10, or 40 tons/year of NOx; and the location of the source, relative to the closest boundary of a specified federal Class I area is within 20 miles.

305 GENERAL PROVISIONS

305.1 Air Quality Models: All estimates of ambient concentrations required pursuant to this rule shall be based on applicable air quality models, databases, and other requirements specified in 40 CFR Part 51, Appendix W ("Guideline on Air Quality Models"). Where an air quality model specified in 40 CFR Part 51, Appendix W ("Guideline on Air Quality Models") is inappropriate, the model may be modified or another model substituted. Such a modification or substitution of a model may be made on a case-by-case basis or, where appropriate, on a generic basis. Written approval from the United States Environmental Protection Agency (EPA) must be obtained for any modification or substitution. In addition, use of a modified or substituted model must be subject to notice and opportunity for public comment.

305.2 Ambient Air Quality Standards: In no case shall emissions from the new or modified stationary source prevent or interfere with the attainment or maintenance of any applicable ambient air quality standard. The Air Pollution Control Officer (APCO) may require the use of an air quality model to estimate the effects of a new or modified stationary source. The analysis shall estimate the effects of the new or modified stationary source, and verify that the new or modified stationary source will not prevent or interfere with the attainment or maintenance of any ambient air quality standard. In making this determination the APCO shall take into account the mitigation of emissions through offsets pursuant to this rule and the impacts of transported pollutants on downwind pollutant concentrations. The APCO may impose, based on an air quality analysis, offset ratios greater than the requirements of Section 303.2.

400 APPLICATION PROCESSING

401 REQUIREMENT TO SUBMIT APPLICATION: Any person building, erecting, altering or replacing any article, machine, equipment or other contrivance, the use of which may cause, eliminate, reduce, or control the issuance of air contaminants, shall first obtain authorization for such construction from the APCO as specified in this rule. Exemptions from this requirement are listed in Rule 501, GENERAL PERMIT REQUIREMENTS. The application shall be submitted on forms supplied by the District.

402 COMPLETE APPLICATION REQUIREMENT: The APCO shall determine whether an application is complete no later than 30 days after receipt of the application, or after such longer time period that the applicant and the APCO have agreed to in writing.

If the APCO determines that the application is not complete, the applicant shall be notified in writing of the decision specifying the information required. Upon receipt of any re submittal of the application, a new 30-day period to determine completeness shall begin. Completeness of an application or a re-submitted application shall be evaluated on the basis of the information requirements set forth in District regulations as they exist on the date on which the application or re-submitted application was received, or when the CEQA-related information which satisfies the requirements of the District's CEQA Guidelines has been received, whichever is later.

The APCO may, during the processing of the application, request an applicant to clarify, amplify, correct, or otherwise supplement the information submitted in the application.

403 PRELIMINARY DECISION: Following acceptance of an application as complete, the APCO shall perform the evaluations required to determine compliance with all applicable District rules and regulations and make a preliminary written decision as to whether an Authority to Construct should be approved, conditionally approved, or denied.

The decision shall be based on the Section 300 standards in force on the date the application is deemed complete, except when a new federal requirement not yet incorporated into this Rule applies to the new or modified source.

When the District is the CEQA Lead Agency for a project, the APCO shall not issue a preliminary decision until the draft Environmental Impact Report or Negative Declaration is available for public review. The decision shall be supported by a succinct written analysis. For projects requiring offsets, the APCO shall transmit its preliminary written decision and analysis to the California Air Resources Board and the U.S. Environmental Protection Agency for a 45 day review period.

404 TIMING FOR FINAL ACTION

404.1 The APCO shall not take final action for any project for which an Environmental Impact Report (EIR) or a Negative Declaration is being prepared until a final EIR for that project has been certified or a Negative Declaration for that project has been approved, and the APCO has considered the information in that final EIR or Negative Declaration.

The APCO shall take final action on the application within whichever of the following periods of time is longer:

404.1.1 Within 180 days after the certification of the final EIR or approval of the Negative Declaration, or

404.1.2 Within 180 days of the date on which the application was determined complete by the APCO.

404.2 Except as provided in Section 103, the APCO shall provide written notice of the final action to the applicant, any commenters, the U.S. Environmental Protection Agency, and the California Air Resources Board.

405 AUTHORITY TO CONSTRUCT AND PERMIT TO OPERATE CONTENT: Each Authority to Construct and/or Permit to Operate issued by the APCO shall include the following minimum terms and conditions:

405.1 A provision stating that the emission unit shall be operated in a manner consistent with the application used to determine compliance with this rule.

405.2 The following emissions limitations shall be included, if applicable:

405.2.1 BACT emission limitations if required by Section 302. Such condition(s) shall be expressed in a manner consistent with testing procedures, such as ppmv NOx, g/liter VOC, or lbs/hr.

405.2.2 A quarterly emissions limitation for each offset pollutant, if offsets are required pursuant to Section 303.

405.2.3 An emission limitation (daily, monthly, or quarterly) shall be contained in the Authority to Construct and Permit to Operate for all NSR pollutants for which offsets are not being provided pursuant to Section 303, or when required to be consistent with ambient air quality standards.

405.3 Design, Operational, or Equipment Standards: If the APCO determines that technological or economic limitations on the application of measurement methodology to a particular class of sources would make the imposition of a numerical emission standard infeasible, the APCO may instead prescribe a design, operational, or equipment standard. In such cases, the District shall make its best estimate as to the emission rate that will be achieved and shall specify that rate in required submissions to the U.S. Environmental Protection Agency. Any Authority to Construct or permit issued without an enforceable numerical emission standard must contain enforceable conditions which assure that the design characteristics or equipment will be properly maintained, or that the operational conditions will be properly performed, so as to continuously achieve the assumed degree of control.

406 PUBLICATION AND PUBLIC COMMENT: If a proposed project is required to provide offsets pursuant to Section 303, or if a proposed project may emit increased actual lead emissions at a rate of 5 tons per year or greater, within ten calendar days following a preliminary decision, the APCO shall publish in at least one newspaper of general circulation in the District a notice stating the preliminary decision of the APCO, noting how the pertinent information can be obtained, and inviting written public comment for a 30-day period following the date of publication.

407 PUBLIC INSPECTION: Except as provided in Section 103, the APCO shall make available for public inspection at the District's office the information submitted by the applicant and the APCO's analysis no later than the date the notice of the preliminary decision is published. Information submitted which contains trade secrets shall be handled in accordance with Section 6254.7 of the California Government Code and relevant sections of the California Administrative Code. Further, all such information shall be transmitted no later than the date of publication to the California Air Resources Board and the U.S. Environmental Protection Agency regional office, and to any party which requests such information.

408 DENIAL, FAILURE TO MEET STANDARDS: The APCO shall deny any Authority to Construct or Permit to Operate if the APCO finds that the subject of the application would not comply with the standards set forth in District, state, or federal rules or regulations.

409 DENIAL, FAILURE TO MEET CEQA: The APCO shall deny any Authority to Construct or Permit to Operate if the APCO finds that the subject of the application would not comply with the standards set forth in CEQA.

410 **ISSUANCE, PERMIT TO OPERATE:** The APCO shall issue a Permit to Operate an emissions unit subject to the requirements of this rule after determining that all conditions specified in the Authority to Construct have been complied with or will be complied with by the dates specified on the Authority to Construct. Such applicable conditions shall be contained in the Permit to Operate. Where a new or modified stationary source is, in whole or in part, a replacement for an existing stationary source on the same property, the APCO may allow a maximum of 90 days as a shakedown period for simultaneous operation of the existing stationary source and the new source or replacement.

500 **ADDITIONAL PROVISIONS FOR POWER PLANTS:** This Section shall apply to power plants with maximum ratings equal to, or in excess of 50 megawatts proposed to be constructed in the District and for which a Notice of Intention (NOI) or Application for Certification (AFC) has been accepted by the California Energy Commission.

501 Within 14 days of receipt of a Notice of Intention, the APCO shall notify the California Air Resources Board and the California Energy Commission of the District's intent to participate in the Notice of Intention proceeding. If the District chooses to participate in the Notice of Intention proceeding, the APCO shall prepare and submit a report to the California Air Resources Board and the California Energy Commission prior to the conclusion of the non-adjudicatory hearing specified in Section 25509.5 of the California Public Resources Code. That report shall include, at a minimum:

501.1 A preliminary specific definition of Best Available Control Technology for the proposed facility;

501.2 A preliminary discussion of whether there is substantial likelihood that the requirements of this rule and all other District regulations can be satisfied by the proposed facility;

501.3 A preliminary list of conditions which the proposed facility must meet in order to comply with this rule or any other applicable District regulation.

The preliminary determinations contained in the report shall be as specific as possible within the constraints of the information contained in the Notice of Intention.

502 Upon receipt of an Application for Certification for a power plant, the APCO shall conduct a determination of compliance review. This determination shall consist of a review identical to that which would be performed if an application for an Authority to Construct had been received for the power plant. If the information contained in the Application for Certification does not meet the requirements of this rule, the APCO shall, within 20 calendar days of receipt of the Application for Certification, so inform the California Energy Commission, and the Application for Certification shall be considered incomplete and returned to the applicant for re-submittal.

503 The APCO shall consider the Application for Certification to be equivalent to an application for a permit to construct during the determination of compliance review, and shall apply all provisions of this rule which apply to applications for an Authority to Construct.

504 The APCO may request from the applicant any information necessary for the completion of the determination of compliance review. If the APCO is unable to obtain the information, the APCO may petition the presiding Commissioner of the California Energy Commission for an order directing the applicant to supply such information.

505 Within 180 days of accepting an Application for Certification as complete, the APCO shall make a preliminary decision on:

505.1 Whether the proposed power plant meets the requirements of this rule and all other applicable District regulations, and;

505.2 In the event of compliance, what permit conditions will be required including the specific Best Available Control Technology requirements and a description of required mitigation measures.

The preliminary written decision of this Section shall be treated as a preliminary decision under Section 403 of this Rule, and shall be finalized by the APCO only after being subject to the public notice and comment requirements of Sections 406 and 407. The APCO shall not issue a determination of compliance for the power plant unless all requirements of this rule are met.

506 Within 240 days of the filing date, the APCO shall issue and submit to the California Energy Commission a determination of compliance or, if such a determination cannot be issued, shall so inform the California Energy Commission. A determination of compliance shall confer the same rights and privileges as an Authority to Construct only when and if the California Energy Commission approves the Application for Certification, and the California Energy Commission certificate includes all requirements of the conditions contained within the determination of compliance.

507 Any applicant receiving a certificate from the California Energy Commission pursuant to this Section and in compliance with all conditions of the certificate shall be issued a Permit to Operate by the APCO.

600 MONITORING AND RECORDS

601 **RECORDKEEPING:** The following records shall be maintained for two years. Records shall be provided to the APCO upon request.

601.1 Emergency Engines: Records of hours of operation for maintenance purposes and for actual interruptions of electrical power. Such records shall include the date and hours of operation, as well as the reason for operation.

601.2 Portable and Temporary Equipment: Records of operating location(s) and corresponding dates of operation.