



Air Pollution Control Board

San Diego County Air Pollution Control District

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Third District

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Fifth District

AGENDA ITEM

DATE: July 8, 2020

AP02

TO: Air Pollution Control Board

SUBJECT

NOTICED PUBLIC HEARING - ADOPTION OF NEW RULE 69.2.2 – MEDIUM BOILERS, PROCESS HEATERS, AND STEAM GENERATORS, AND RELATED AMENDMENTS TO RULE 11 – EXEMPTIONS FROM RULE 10 PERMIT REQUIREMENTS AND RULE 12 – REGISTRATION OF SPECIFIED EQUIPMENT (DISTRICTS: ALL)

OVERVIEW

This is a request for the Air Pollution Control Board (Board) to adopt proposed new Rule 69.2.2 (Medium Boilers, Process Heaters, and Steam Generators) and related proposed amendments to Rule 11 (Exemptions from Rule 10 Permit Requirements) and Rule 12 (Registration of Specified Equipment) of the Air Pollution Control District (District). Proposed new Rule 69.2.2 will regulate air pollutant emissions from medium boilers, process heaters, and steam generators (units). These units are commonly used to provide hot water or steam at different types of facilities such as hospitals, college campuses, and military installations. These units are not currently regulated by the District 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 need for the proposed new rule arises because the San Diego region does not meet the California and National Ambient Air Quality Standards for ozone. Consequently, both federal and State laws require the 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 laws to update its rules accordingly. The proposed new rule is the result of these requirements.

The proposed new rule establishes emission limits for new units in order to control and reduce their emissions and protect public health. Additionally, owners of new and existing units will be required to apply for either a permit or registration from the District and perform annual tune-ups to ensure the units are properly functioning and not generating excess emissions. The proposed requirements are similar to existing requirements in other California air districts (such as the Bay Area and Sacramento air districts), consequently compliant units are currently available.

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The Board is also requested to adopt related proposed amendments to District Rule 11 (Exemptions from Rule 10 Permit Requirements) and Rule 12 (Registration of Specified Equipment). Rule 11 is an administrative rule that provides specified operations and processes with an exemption from the requirement to have a District permit. Rule 12 allows specified equipment owners with the option obtaining a registration, which is a streamlined, less costly alternative to the process of obtaining a permit. These proposed rule amendments are necessary for consistency with the permitting and registration provisions of proposed new Rule 69.2.2.

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 to affected facilities including conducting a public workshop. Workshop participants requested clarifications and were not opposed to the proposed new rule requirements of Rule 69.2.2 or to the proposed amendments of Rules 11 and 12.

Today's request is to adopt proposed new Rule 69.2.2 and related amendments to Rules 11 and 12. If adopted, new Rule 69.2.2 will become effective on July 1, 2021, providing time for affected manufacturers and distributors to transition to the new requirements. The new rule will 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 new Rule 69.2.2 – Medium Boilers, Process Heaters, and Steam Generators, and proposed amendments to Rule 11 – Exemptions from Rule 10 Permit Requirements and Rule 12 – Registration of Specified Equipment 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 NEW RULE 69.2.2 – MEDIUM BOILERS, PROCESS HEATERS, AND STEAM GENERATORS, AND RELATED AMENDMENTS TO RULE 11 – EXEMPTIONS FROM RULE 10 PERMIT REQUIREMENTS AND RULE 12 – REGISTRATION OF SPECIFIED EQUIPMENT, OF REGULATIONS II AND IV OF THE RULES AND REGULATIONS OF THE SAN DIEGO COUNTY AIR POLLUTION CONTROL DISTRICT.

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FISCAL IMPACT

Funds for this request are not included in the Fiscal Year 2019-20 Operational Plan in the Air Pollution Control District. If approved, this request is expected to result in additional costs and revenues of \$633,000 for initial permit applications and annual registration renewals. The funding source is fees paid by customers with affected equipment. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

Adopting proposed new Rule 69.2.2 and the related proposed amendments to Rules 11 and 12 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 emission limits 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. The proposal increases regulatory certainty for the manufacturers by enhancing consistency with standards across the state. Additionally, owners of new and existing units will be required to apply for either a District permit or registration and perform annual tune-ups.

ADVISORY BOARD STATEMENT

The Air Pollution Control District Advisory Committee (Advisory Committee) considered proposed new Rule 69.2.2 and the related proposed amendments to Rules 11 and 12 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 new rule and the proposed amendments. Meeting materials, including proposed new Rule 69.2.2, and the proposed amendments to Rules 11 and 12 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 law 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 (NO_x), 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 emissions become feasible, the District is required by

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federal and State laws to update its rules accordingly, and the proposed new rule is the result of this requirement.

Proposed new Rule 69.2.2 will control NO_x emissions from medium boilers, process heaters, and steam generators (units) with a heat input rating between 2 and 5 million British thermal units (Btu) per hour. Equipment manufacturers will be required to certify their new units' compliance with all applicable rule provisions. Additionally, owners of new and existing units will be required to apply for either a District permit or registration and perform annual tune-ups. The proposed requirements are similar to existing regulatory requirements in other California air districts and compliant units are readily available. 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 900 existing units are currently in place at facilities throughout the region. When these existing units are replaced at the end of their useful lives, the new replacement units will be subject to the proposed emission limits. The proposed rule will reduce NO_x emissions from affected equipment by approximately 62% (194 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 190,000 cars from our roads.

Additionally, corresponding amendments to District Rule 11 (Exemptions from Rule 10 Permit Requirements) are proposed to remove an existing permit exemption for boilers, process heaters, and steam generators with a heat input rating between 2 and 5 million Btu per hour. Related amendments to District Rule 12 (Registration of Specified Equipment) are also proposed so that these units may be registered in lieu of obtaining a permit. Registration provides equipment owners with a streamlined, less costly alternative to the process of obtaining a permit.

Lastly, additional minor revisions to Rule 12 are also proposed. These include allowing paper shredders and small brewery grain silos to be registered in lieu of obtaining a permit.

If adopted, proposed new Rule 69.2.2 and Rule 11 will be submitted through the California Air Resources Board (CARB) to the U.S. Environmental Protection Agency (EPA) for approval into the State Implementation Plan for attaining and maintaining the air quality standards. Rule 69.2.2 will become effective on July 1, 2021, providing time for affected manufacturers and distributors to transition to the new requirements. The proposed new rule will require any new unit installed on or after July 1, 2021 to comply with the rule requirements. Rule 11 will become effective on April 1, 2021, maintaining the exemption for the affected boilers until they are eligible to submit an application for a registration. Rule 12 will be effective upon adoption, allowing any proposed new paper shredders and small brewery grain silos to apply for a registration right away.

Customer/Stakeholder Notification

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District staff conducted a public workshop to gather input on proposed new Rule 69.2.2 and related proposed amendments to Rules 11 and 12 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 proposed new Rule 69.2.2 and proposed amendments to Rules 11 and 12 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 new Rule 69.2.2 (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 new Rule 69.2.2 and the proposed amendments to Rules 11 and 12 are 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 proposed new Rule 69.2.2, and the proposed amendments to Rules 11 and 12. Proposed new Rule 69.2.2 is 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. The proposed new rule will protect the environment by promoting significant reductions in NOx emissions. Also, the proposed amendments to Rules 11 and 12 are necessary for the implementation of proposed new Rule 69.2.2. Additionally, the proposed amendments to Rule 12 only serve to clarify and provide a different mechanism (registration) for imposition of existing regulatory requirements. Therefore, District staff determined that the adoption of proposed new Rule 69.2.2, and proposed amendments to Rules 11 and 12, are categorically exempt from the provisions of CEQA pursuant to California Code of Regulations, Title 14, Section 15308,

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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.

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. Proposed new Rule 69.2.2 will reduce air pollutant emissions and improve air quality in San Diego county.

Respectfully submitted,



SARAH E. AGHASSI
Deputy Chief Administrative Officer



ROBERT J. REIDER
Air Pollution Control Officer

ATTACHMENT(S)

Note: Due to the size of the attachments, the documents are available online through the Clerk of the Board's website at www.sandiegocounty.gov/content/sdc/cob/bosa.html.

Attachment A – Resolution Adopting New Rule 69.2.2 – Medium Boilers, Process Heaters, and Steam Generators, and Related Amendments to Rule 11 – Exemptions from Rule 10 Permit Requirements and Rule 12 – Registration of Specified Equipment, of Regulations II and 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 11 – Exemptions from Rule 10 Permit Requirements Change Copy

Attachment G – Rule 12 – Registration of Specified Equipment 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:

October 30, 2019 (AP1), Adoption of Amendments to Rule 12 (Registration of Specified Equipment); October 30, 2019 (AP2), Adoption of Amendments to Rule 11 (Exempt from Rule 10 Permit Requirements).

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

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