Yolo-Solano Air Quality Management District 1947 Galileo Court, Suite 103 Davis, CA 95618 (530)757-3650 www.ysaqmd.org



# PROPOSED ADOPTION OF RULE 3.25, FEDERAL NEW SOURCE REVIEW FOR NEW AND MODIFIED MAJOR PM2.5 SOURCES

FINAL STAFF REPORT

July 12, 2017

Prepared by: Jennifer Border, Associate Air Quality Engineer Reviewed by: Benjamin Beattie, Engineering Manager

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#### I. EXECUTIVE SUMMARY

On July 12, 2017, the Yolo-Solano Air Quality Management District (District) Board of Directors will consider the proposed adoption of Rule 3.25, Federal New Source Review for New and Modified Major PM2.5 Sources. Rule 3.25 is being adopted to satisfy the requirements of the Federal Clean Air Act (CAA), Title I, Part D (Section 173/US Code 7503) which is codified in 40 Code of Federal Regulations (CFR) 51.165. Rule 3.25 only applies to those portions of the District that are designated nonattainment for Particulate Matter with an aerodynamic diameter smaller than or equal to a nominal 2.5 microns (PM2.5) National Ambient Air Quality Standard (NAAQS) and will only apply to new major sources of PM2.5 (or VOC, NOx, SO<sub>2</sub>, ammonia as precursors to PM2.5) or to major modifications of an existing major PM2.5 stationary source.

The proposed rule will not have a significant or detrimental effect on the environment. Therefore, staff prepared a Notice of Exemption to satisfy the requirements of the California Environmental Quality Act (CEQA). The notice states that the adoption of Rule 3.25 is exempt from the requirements of CEQA pursuant to Section 15308, Actions by Regulatory Agencies for Protection of the Environment.

#### A. BACKGROUND

#### History

There is a long history of federal regulation of particulate matter (PM). The U.S. Environmental Protection Agency (EPA) set the first NAAQS for PM in 1971 when it set a standard for total suspended particulates (TSP). In 1987, the EPA adopted NAAQS for Particulate Matter with an aerodynamic diameter smaller than or equal to a nominal 10 microns (PM10).

On July 18, 1997, the EPA revised the NAAQS for PM to add new primary annual and 24-hour standards for fine particles, using PM2.5 as the indicator. The EPA set an annual standard at 15 micrograms per cubic meter ( $\mu g/m^3$ ) and a 24-hour standard at 65  $\mu g/m^3$ . At the same time, the EPA established secondary standards identical to the primary standards. The secondary standards are designed to protect against major environmental effects of PM2.5 such as visibility impairment, soil, and materials damage. The Yolo-Solano Air Quality Management District (YSAQMD or District) met the standards and was designated attainment.

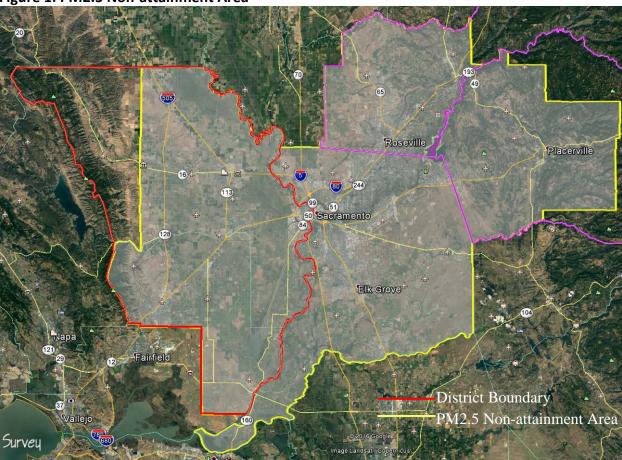
On October 17, 2006, the EPA strengthened the primary and secondary 24-hour PM2.5 NAAQS from 65  $\mu$ g/m³ to 35  $\mu$ g/m³. The revised 24-hour PM2.5 standards were published on October 17, 2006 (71 FR 61144) and became effective on December 18, 2006.

The EPA made attainment and nonattainment designations for the 2006 PM2.5 NAAQS which became effective on December 14, 2009. See 74 FR 58688 (Nov. 13, 2009). District monitors demonstrated that our District met the NAAQS, however the EPA included most of the District within the Sacramento region and designated it a non-attainment area. The District was required to adopt a PM2.5 New Source Review (NSR) rule by December 31, 2014, and the EPA had "...a

mandatory duty to make a completeness finding under 42 U.S.C. § 7410(k)(1)(B) by no later than July 1,  $2015^{1.0}$ 

Monitoring data for the Sacramento region for the period 2010 through 2012 demonstrated that the region had met the 24-hour PM2.5 standard and the region submitted a maintenance plan and re-designation request. In July 2013, the EPA published a "Determination of Attainment for the Sacramento Nonattainment Area for the 2006 Fine Particle Standard; California; Determination Regarding Applicability of Clean Air Act Requirements" (78 FR 42018) which found the area to be in attainment of the PM2.5 NAAQS. Each district within the Sacramento region submitted a request to Air Resources Board (ARB) to request re-designation from the EPA.





The Sacramento region exceeded the  $35\mu g/m^3$  standard by  $0.1\mu g/m^3$  on the last day of 2013 at one monitoring site in Sacramento. This resulted in the 2011 to 2013 data not meeting the standard. Therefore, the request for the EPA to re-designate the regional area to attainment was delayed. Data from the subsequent years shows the region to be back in attainment of the standard. The

<sup>1</sup> Center for Biological Diversity v. U.S. EPA, https://www.epa.gov/sites/production/files/2015-10/documents/courtlink\_document\_us\_dis\_cand\_4.15cv4663\_10.08.2015-compl aint.pdf

region began preparation of a new re-designation request in early 2015, but that has not yet been completed.

Since the District was progressing towards designation as an attainment area, the District did not adopt a PM2.5 NSR rule and the EPA did not take action against the District. Subsequently, the EPA was sued by the Center for Biological Diversity for failure to act. The EPA made a Finding of Failure to Submit (FFTS) effective July 8, 2016 against the District for not submitting a PM2.5 Rule (81 FR 36803). This ruling provides the District eighteen (18) months to adopt and submit a governing rule and EPA to approve the rule before offset sanctions will be implemented (this necessitates a District Rule being approved by the EPA by January 8, 2018). Further, if the District fails to adopt a PM2.5 Rule within two years of the FFTS (July 8, 2018), the EPA may then implement highway funding sanctions for areas within the District.

#### **Overview of Source Category**

This rule will only apply to major sources of PM2.5 or PM2.5 precursors and will not apply when the District is designated as in attainment for the federal PM2.5 standard. Currently there are no major sources of PM10 in the District and subsequently no major sources of PM2.5 (as PM2.5 is a subset of PM10). There are currently 27 sources permitted to emit more than 10 tons PM10 per year within the District. The largest source of PM10 is permitted for a potential to emit of 69.17 tons PM10 per year. Since the PM10 emissions from this facility are not generated as a result of combustion, it is expected that the PM2.5 emissions would be roughly half of the permitted PM10 emissions (approximately 35 tons per year). A source would be considered major for PM2.5 if the potential to emit PM2.5 reaches or exceeds 100 tons per year.

## II. DISCUSSION OF PROPOSED RULE 3.25 REQUIREMENTS Who is Subject to Federal New Source Review for New and Modified Major PM2.5 Sources Permitting?

A pre-construction permit would be required for any new major source of PM2.5 (or major modification of an existing major source of PM2.5). The provisions of the Rule would only apply when the District is designated nonattainment for the PM2.5 NAAQS.

#### New Major PM2.5 Sources

A major PM2.5 source is a facility that emits 100 tons per year of directly emitted PM2.5 or 100 tons per year of a PM2.5 precursor.

#### Major Modifications at Existing Major Sources

A major modification of an existing major PM2.5 source is defined as a modification that results in an emissions increase in the potential to emit equal to or exceeding the following thresholds:

- 10 tons per year of direct PM2.5,
- 40 tons per year sulfur dioxide emissions, or
- 40 tons per year nitrogen dioxide emissions, or
- 40 tons per year VOC emissions, or

• 40 tons per year of ammonia.

#### What are the requirements of Rule 3.25?

The six main requirements of Rule 3.25 are: LAER, Offsets, Analysis of Alternatives, Visibility, Ambient Air Quality Standards, and Public Notice.

#### **LAER**

This requirement originates in Section 7503(a)(2) of the Clean Air Act (CAA) for which requires the Lowest Achievable Emission Rate (LAER) for major stationary sources proposed in non-attainment areas. The applicant shall propose equipment which meets LAER for PM2.5. LAER means for any source, that rate of emissions which reflects 1) the most stringent emission limitation which is contained in any State Implementation Plan (SIP) for such class or category of source (unless the owner or operator of the proposed source demonstrates that such limitations are not achievable), or 2) the most stringent emission limitation which is achieved in practice by such class or category of source, whichever is more stringent.

#### **Emission Offsets**

The requirement for emission offsets for major stationary sources in non-attainment areas originates in Section 7503(a)(1) of the CAA. The applicant shall provide Emission Reduction Credits (ERCs) or internal emission reductions for the proposed source or modification. Offsets are required at a 1:1 ratio. Fugitive emissions are included in the offset requirement if the source is a Categorical Stationary Source (as provided in the definition of Major Source in 40 CFR 70.2).

#### Statewide Compliance

In accordance with Section 7503(a)(3) of the CAA, the applicant is required to demonstrate that all major stationary sources owned or operated by such person (or by any entity controlling, controlled by, or under common control with such person) within the State of California are in compliance with the provisions of the CAA or in compliance with a federally-enforceable schedule to attain compliance.

#### **Analysis of Alternatives**

In accordance with Section 7503(a)(5) of the CAA, the applicant is required to submit an analysis of alternative sites, sizes, production processes, and environmental control techniques for the proposed source.

#### Visibility

In accordance with the federal New Source Review requirement in 40 CFR 51.307(b)(2), a new major stationary source or major modification to an existing major stationary source proposed within a non-attainment area shall provide the Air Pollution Control Officer (APCO) with an analysis of impairment to visibility to Class I areas that would occur as a result of the source or modification.

#### Ambient Air Quality Standards

The APCO may require the use of an air quality model to estimate the effects of a project. The analysis shall estimate the effects and verify that the project would not prevent or interfere with the attainment or maintenance of the PM2.5 NAAQS. The APCO may use this information to impose offset ratios greater than those included in the Rule.

#### **Public Notice**

Per 40 CFR 51.161, an application for a source subject to the proposed rule would require staff to perform public notice and solicit comments.

#### **Precursors**

In 2013, in response to a lawsuit by the Natural Resources Defense Council, the U.S. Court of Appeals for the District of Columbia Circuit (Court) decided that the PM2.5 NAAQS should be implemented under not only the general planning provisions of Subpart 1 of the CAA but also the nonattainment planning requirements under subpart 4 of the nonattainment provisions of the CAA. Subpart 4 is specific to PM10 and the Court decided that PM2.5 is also subject to the subpart 4 requirements as it is a subset of PM10.

In response, the EPA adopted the *Fine Particulate Matter National Ambient Air Quality Standards: State Implementation Plan Requirements* in 2016. The 2016 rule provides details for meeting SIP requirements that pertain to areas designated as nonattainment for PM2.5. The 2016 rule clarifies that, in addition to direct PM emissions, PM precursors are also subject to the rule as the CAA definition of "air pollutant" states that it includes any precursors to the formation of an air pollutant. Since the EPA has determined that sulfur dioxide (SO<sub>2</sub>), oxides of nitrogen (NOx), volatile organic compounds (VOC), and ammonia are precursors to PM, the attainment plan requirements apply to these precursors unless the nonattainment area demonstrates that major sources of the precursors do not contribute significantly to the PM levels that exceed the standards.

Rule 3.25 includes provisions for precursors to PM2.5. Specifically, the Rule states that a major PM2.5 source is considered to undergo a major modification if its emissions of a precursor increase by 40 tons per year or more.

#### III. COMPARISON WITH OTHER APPLICABLE REGULATIONS AND REQUIREMENTS

California Health and Safety Code (CH&SC) Section 40727.2 requires districts to perform a comparative analysis of any new control standard. Specifically, the District is required to prepare a written analysis (usually in the form of a matrix) that identifies all existing federal air pollution control requirements and any District rule or regulation that applies to the same equipment or source type.

Rule 3.25 is being adopted solely to incorporate the exact federal NSR requirements of Section 7503 of the CAA - the analysis would be a one to one comparison (every requirement comes directly from the federal requirements) and therefore, no matrix will be prepared.

#### IV. IMPACTS OF THE PROPOSED RULE

#### **Emissions Impacts**

With new mitigation requirements for new major PM2.5 sources equal to or greater than 100 tons per year for PM2.5, this new rule would reduce emissions increases overall, however the District does not currently have any major PM2.5 sources and does not expect any new PM2.5 sources to install in our District. Therefore, staff cannot quantify any future reductions from this rule.

#### **Cost Effectiveness**

CH&SC Section 40703 requires the District, in the process of the adoption of any rule or regulation, to consider and make public its findings related to the cost effectiveness of the rule. Cost effectiveness for rulemaking purposes is calculated by dividing the cost of air pollution controls required by the rule by the amount of air pollution reduced.

Since there are no reductions expected from the adoption of this rule, no cost effectiveness calculations can be performed.

#### Socioeconomic Impacts

CH&SC Section 40728.5(a) requires the District, in the process of the adoption of any rule or regulation, to consider the socioeconomic impact if air quality or emission limits may be significantly affected. However, districts with a population of less than 500,000 persons are exempt from the provisions of Section 40728.5(a). The District's population is estimated to be approximately 345,000, well below the 500,000 person threshold. Therefore, a socioeconomic analysis for this rulemaking is not required.

#### **Incremental Cost Effectiveness**

CH&SC Section 40920.6 requires an assessment of the incremental cost-effectiveness for proposed regulations relative to ozone, Carbon Monoxide (CO), Sulfur Oxides (SOx), NOx, and their precursors. Incremental cost-effectiveness is defined as the difference in control costs divided by the difference in emission reductions between two potential control options that can achieve the same emission reduction goal of a regulation. Again, the District does not expect any emissions changes from the adoption of this rule, so no incremental cost-effectiveness analysis can be performed.

#### Impacts to the District

It is anticipated that the proposed rule will have little to no impact on staff workload at the District. It is expected that any additional workload such as development of application forms and permit evaluation and issuance can be absorbed within the engineering division at the District. Any actual applications received would be charged fees based on the actual time spent processing the application by District staff.

#### V. ENVIRONMENTAL IMPACTS OF METHODS OF COMPLIANCE

California Public Resource Code Section 21159 requires the District to perform an environmental analysis of the reasonably foreseeable methods of compliance at the time of adopting a rule requiring the installation of pollution control equipment or a performance standard. The analysis must include the following information:

- 1. An analysis of the reasonably foreseeable environmental impacts of the methods of compliance.
- 2. An analysis of the reasonably foreseeable mitigation measures.

3. An analysis of the reasonably foreseeable alternative means of compliance with the rule or regulation.

This rule does not require installation of control equipment or a performance standard, therefore this analysis is not required.

The adoption of Rule 3.25 will not have a significant effect on the environment or humans due to unusual circumstances. In addition, the proposed Rule 3.25 is an action taken to protect the environment. Therefore, staff have determined that the project is categorically exempt from the requirements of the CEQA pursuant to Section 15308, Actions by Regulatory Agencies for Protection of the Environment. Staff prepared a Notice of Exemption (NOE) to meet the CEQA Guidelines (Attachment B).

#### VI. REGULATORY FINDINGS

Section 40727(a) of the CH&SC requires that an air district's board make findings of necessity, authority, clarity, consistency, nonduplication, and reference prior to adopting or amending a rule or regulation. The findings must be based on the following:

- 1. Information presented in the District's written analysis, prepared pursuant to CH&SC Section 40727.2;
- 2. Information contained in the rulemaking records pursuant to CH&SC Section 40728; and
- 3. Relevant information presented at the Board's hearing for adoption of the rule.

The required findings are:

<u>Necessity:</u> The rule adoption is required by Sections 110(a)(2)(C) and 173 of the federal Clean Air Act.

<u>Authority:</u> The District is authorized to adopt rules and regulations by CH&SC, Sections 40001, 40702, 40716, 41010 and 41013. [CH&SC Section 40727(b)(2)]

<u>Clarity:</u> District staff believes that this rule can be understood by the affected industry. In addition, the record contains no evidence that the persons directly affected by the rule cannot understand the rule. [H&SC Section 40727(b)(3)]

<u>Consistency:</u> The proposed rule does not conflict with and is not contradictory to, existing statutes, court decisions, or state or federal regulations. [H&SC Section 40727(b)(4)]

Non-Duplication: The proposed rule does not duplicate any state laws or regulations. [H&SC Section 40727(b)(5)]

<u>Reference</u>: Any statutes, court decisions, or other provisions of law that the District implements, interprets, or makes specific by adopting the rule are incorporated into this analysis and this finding by reference. [H&SC Section 40727(b)(6)]

#### VII. PUBLIC COMMENTS AND STAFF RESPONSES

Staff held a public workshop on May 24, 2017, to discuss the proposed adoption of Rule 3.25.

Notification of the public workshop (and public hearing set for July 12, 2017) was sent to surrounding Air Districts, City Managers within the District, building/planning/community development departments within the YSAQMD, all city and county libraries within the District, all Board members, and all affected sources. The workshop notice was published in the Vacaville Reporter, Woodland Democrat, and the Davis Enterprise.

A copy of the public workshop notice, draft staff report, and draft rule language, was posted on the District's web page prior to the public workshop.

#### VIII. REFERENCES

- "Final Rule: Fine Particulate Matter National Ambient Air Quality Standards: State Implementation Plan Requirements" Fact Sheet
- "Fine Particulate Matter National Ambient Air Quality Standards: State Implementation Plan Requirements; Final Rule," 81 FR 58010

#### **ATTACHMENT A**

### PROPOSED RULE 3.25, FEDERAL NEW SOURCE REVIEW FOR NEW AND MODIFIED MAJOR PM2.5 SOURCES

### ATTACHMENT B NOTICE OF EXEMPTION FROM CEQA GUIDELINES

#### **Notice of Exemption**

То:		1400 Te	e of Planning and Research Tenth Street, Room 121 mento, CA 95814					
	×	625 Co	Clerk of Yolo urt Street Roc and, CA 956			County Clerk Solano County 600 Texas Street Fairfield, CA 94533		
1947 Gal			olano Air Qual alileo Court, S CA 95618	ity Management I uite 103	District			
Project Title:			Adoption of Rule 3.25- Federal New Source Review for New and Modified Major PM2.5 Sources					
Project	Locatio	n:	Yolo-Solano Air Quality Management District					
Project description:			and Modified	ed Major PM2.5	Source uirement	ale 3.25, Federal New Source Review for es. Rule 3.25 will incorporate the feats for PM2.5 from the Clean Air Act into	dera	
Name		n or Age	Approving Pency Carrying	-		Solano Air Quality Management District Solano Air Quality Management District		
☐ Ministerial ☐ Emergency Project			vironment)	ines Sect	tion 15308, Action by Regulatory Agenc	y for		
Reason why project is exempt:			the environm constitutes a	The adoption of Rule 3.25 is an action taken to maintain and protect the environment and is therefore exempt from CEQA because it constitutes a Class 8 categorical exemption pursuant to CEQA Guidelines 15308.				
Lead Agency Contact Person: Telephone Number:			Mat Ehrhardt, (530) 757-365		ution Control Officer			
Signatı	ıre: _				Date:	Title:		

#### **Notice of Exemption**

Signatu	ıre:				Date:		Title:			
Lead Agency Contact Person: Telephone Number:			Mat Ehrhardt, (530) 757-365		tion Control O	fficer				
Reason why project is exempt:			the environme constitutes a	The adoption of Rule 3.25 is an action taken to maintain and protect the environment and is therefore exempt from CEQA because it constitutes a Class 8 categorical exemption pursuant to CEQA Guidelines 15308.						
	of Person t Status:	Ministe Emerge Categor Protect	erial ency Project	•		olano Air Quali			r	
FOR NEW AN federal nona				ND MODIFIED MA attainment NSR ru s Rules and Regula	proposing to adopt Rule 3.25, FEDERAL NEW SOURCE REVIEW D MODIFIED MAJOR PM2.5 SOURCES. Rule 3.25 will incorporate the tainment NSR rule requirements for PM2.5 from the Clean Air Act into Rules and Regulations.  Dject: Yolo-Solano Air Quality Management District					
Project	Locatio	n:	Yolo-Solano Air Quality Management District							
Project Title:			Adoption of Rule 3.25- FEDERAL NEW SOURCE REVIEW FOR NEW AND MODIFIED MAJOR PM2.5 SOURCES							
1947 G			olano Air Qua alileo Court, CA 95618	lity Management C Suite 103	District					
		625 Co	Clerk of Yolo urt Street Roa and, CA 956		⊠	County Clerk Solano Count 600 Texas Str Fairfield, CA S	cy reet			
То:		1400 Te	of Planning are enth Street, F ento, CA 95	loom 121						

#### ATTACHMENT C

#### **RESOLUTION NO. 17-03**

#### **RESOLUTION NO. 17-03**

#### RESOLUTION ADOPTING YOLO-SOLANO AIR QUALITY MANAGEMENT DISTRICT RULE 3.25

**WHEREAS**, California Health and Safety Code section 40702 provides that an air quality management district shall adopt rules and regulations as may be necessary or proper to execute the powers and duties granted to, and imposed upon, the district by Division 26 of the Health and Safety Code; and

WHEREAS, Health and Safety Code section 40727 provides that before adopting, amending, or repealing a rule or regulation, a district board shall make findings of necessity, authority, clarity, consistency, nonduplication, and reference, based upon information developed pursuant to section 40727.2, information in the rulemaking record maintained pursuant to section 40728, and relevant information presented at the public hearing required by section 40725; and

WHEREAS, section 15308 of the CEQA Guidelines provides that actions taken by regulatory agencies as authorized by state law to assure the maintenance, restoration, or enhancement of the environment where the regulatory process involves procedures for protection of the environment, are categorically exempt from CEQA review (Class 8 Categorical Exemption); and

**WHEREAS**, the District was required to adopt a rule to implement a the federal PM2.5 National Ambient Air Quality Standard;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Yolo-Solano Air Quality Management District hereby finds, authorizes, directs and declares as follows:

- 1. The Board of Directors has considered and hereby adopts by reference the staff report prepared in this matter.
- 2. The Board of Directors makes the following findings pursuant to Health and Safety Code section 40727:
  - a. Necessity: Information in the District's rulemaking record maintained pursuant to Health and Safety Code section 40728 demonstrates a need for adopting District Rule 3.25;
  - b. Authority: Health and Safety Code section 40702 permits the District to adopt District Rule 3.25;
  - c. Clarity: District Rule 3.25 is written so that its meaning can be easily understood by the persons directly affected by it;
  - d. Consistency: District Rule 3.25 is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations;
  - e. Nonduplication: District Rule 3.25 does not impose the same requirements as an existing state or federal regulation;
  - f. Reference: By adopting District Rule 3.25, the District meets the requirements of Health & Safety Code Sections 40702.
- 3. The Board of Directors finds that the District has complied with the procedural requirements set forth in Chapters 6 and 6.5 of Part 3 of Division 26 of the Health and Safety Code.

- 4. The Board of Directors finds that adopting District Rule 3.25 is an action taken by a regulatory agency as authorized by state law to assure the maintenance, restoration, or enhancement of the environment where the regulatory process involves procedures for protection of the environment, and is therefore categorically exempt from CEQA review as a Class 8 Categorical Exemption.
- 5. The Board of Directors finds that District Rule 3.25, Federal New Source Review for New and Modified Major PM2.5 Sources, in conjunction with District Rule 3.4, New Source Review, satisfies the applicable New Source Review requirements for a PM2.5 non-attainment area.
- 6. The Board of Directors hereby adopts District Rule 3.25, Federal New Source Review for New and Modified Major PM2.5 Sources, as set forth in Exhibit 1 (Attachment A of the Staff Report), which is attached and incorporated by reference. The adoption is effective July 12, 2017.

**PASSED AND ADOPTED** by the Board of Directors of the Yolo-Solano Air Quality Management District this 12th day of July, 2017, by the following vote:

Denise Almaguer, Clerk Board of Directors	Hope Welton, District Counsel
Attest:	Approved as to Form:
	Matt Rexroad, Chair Board of Directors Yolo-Solano Air Quality Management District
Abstain:	
Absent:	
Noes:	
Ayes:	

## ATTACHMENT D WRITTEN COMMENTS RECEIVED

#### Jennifer Border

From: Yannayon, Laura <Yannayon.Laura@epa.gov>

Sent: Tuesday, May 30, 2017 2:32 PM

To: Jennifer Border

Subject: RE: YSAQMD - DRAFT Rule
Attachments: DRAFT Rule 3.25 + EPA 5-19.docx

Follow Up Flag: Follow up Flag Status: Flagged

Hi Jennifer,

EPA has identified two approval issues with the rule as proposed.

The first issue concerns the PM2.5 precursors listed in the rule and their significant emission rates. In earlier comments, I had written that if all of the precursor pollutants were covered adequately by your current NSR rule, that we could find that the District's SIP approved NSR program adequately addressed the PM2.5 precursor requirements for a SIP. I have reviewed Rules 3.4 and 3.5 and have determined that they only require ERCs, and thus offsets, to be surplus adjusted at the time an ERC is created and not at the time of use. Thus, they do not satisfy the requirements of Rule 3.25, 406.1b. Accordingly, Rule 3.25 must be revised to include all of the PM2.5 precursors in Sections 206 and 212 to ensure offsets provided for any of these pollutants are offset with surplus adjusted credits. This issue must be fixed before the rule is submitted for SIP approval.

The second issue concerns the required consultation with the FLM if a project *may* impact visibility. The requirements of 51.307 is for the District to consult with the FLM. This is an agency to agency responsibility and not one that the District can pass on to the source. Most projects are unlikely to trigger this requirement, but if they do, the rule must state that the District will consult with the FLM and take their comments into consideration on your proposed action. I suggest revising the provision in Section 305 to require an applicant to submit a determination of whether the project "may impact visibility in any mandatory Class I Federal area." The following wording can be used to indicate what criteria are to be used for this screening determination: The determination of whether a project may have an impact on air quality related values (including visibility) within a Class I Area shall be made according to the guidelines adopted by the Federal Land Managers' Air Quality Related Values Work Group in its Phase I Report—Revised (2010), Natural Resource Report NPS/NRCC/NRR—2010/232. This guidance provides an emission rate over distance formula for screening potential impacts. If the result is below the number in the guidance, then no consultation is required. But if it is above the screening threshold, then the required analysis from 40 CFR 51.166 is required to be shared with the FLM. This issue must be fixed before the rule is submitted for SIP approval.

Lastly, I found one typo is Section 205 and a minor edit needed in 216.

If you have any questions, please feel free to give me a call. I also suggest that you provide me an opportunity to review your revisions to Section 305 to address visibility. I'd like to be sure the revisions are adequate and do not cause any approval issues.

Thanks,

Laura Yannayon

US EPA, Region 9 / Air Division, Permits Office (Air-3) / 75 Hawthorne St. / San Francisco, CA 94105-3901 <a href="mailto:yannayon.laura@epa.gov">yannayon.laura@epa.gov</a> / (415) 972-3534 / (415) 947-3579 (fax)