
SOUTH CENTRAL COAST BASINWIDE AIR POLLUTION CONTROL COUNCIL

Ventura County APCD 669 County Square Drive, 2nd Floor Ventura CA 93003 805-645-1400

TECHNICAL ADVISORY COMMITTEE

Michael Villegas, APCO
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Terence E. Dressler, APCO
Santa Barbara County APCD

Larry R. Allen, APCO
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COUNCIL MEMBERS

Brian Brennan
Council Member, City of Ventura

Edward Easton
Council Member, City of Goleta

Karen Bright
Council Member, City of Grover Beach

MEETING MINUTES February 17, 2010

Present

Council Members: Brian Brennan, Ventura County
Edward Easton, Santa Barbara County
Jan Marx, San Luis Obispo County

Staff: Mike Villegas, Ventura County
Suzanne Devine, Ventura County
Terry Dressler, Santa Barbara County
Larry Allen, San Luis Obispo County

1. Approval of Minutes of September 24, 2009

Received and filed.

2. EPA's PSD and Title V GHG Tailoring Rule - Villegas

The Clean Air Act is designed to regulate criteria pollutants and has major source thresholds in the 100/250 TPY range. EPA estimates this could lead to six million new Title V permits nationwide. Currently, there are 15,000 Title V permits nationwide.

The goal of EPA's tailoring rule regarding Greenhouse Gases (GHGs) and Title V is to make sure that the number of regulated facilities is administratively manageable and makes practical sense.

GHGs include carbon dioxide, methane, nitrous oxides, hydrofluorocarbons; perfluorocarbons, and sulfur hexafluoride.

EPA is proposing a PSD/Title V threshold of 25,000 TPY for CO₂. This would result in approximately 3,000 new Title V permits nationwide – currently, there are approximately 15,000 existing Title V permits. At this threshold, 68 percent of the national stationary source GHG emissions would be regulated. This compares with 72 percent of NO_x emissions at 250 TPY. These thresholds are consistent with the Boxer/Kerry climate bill proposal.

GHGs will likely become a regulated pollutant under the Clean Air Act as soon as the Light-Duty Vehicle rule goes into effect in the spring of 2010. When GHGs become regulated, both PSD and Title V programs will apply to these pollutants emitted above the threshold. (The thresholds will remain in place for six years.)

Overall, EPA's proposed GHG tailoring rule is supported by permitting agencies. CAPCOA does have the following concerns with the proposal:

- EPA should extend the applicability date for the PSD/Title V program and for the non-CO₂ GHGs. Districts need time to revise our Title V rules and adopt prohibitory rules to limit potential to emit.
- EPA should set a PSD applicability threshold of 25,000 TPY, only if PSD requirements are streamlined.
- EPA should adopt a 5 year phase-in to avoid workload spikes.
- EPA should begin developing presumptive BACT for GHG source categories to avoid case-by-case determination where possible.
- Thresholds should be based on metric tons, not short tons; they should align with EPA's GHG reporting rule.

3. Summary of ARB's Draft Cap and Trade Rule - Allen

AB32 requires that California reduce its GHG emissions to 1990 levels by 2020. The ARB scoping plan calls for a cap and trade program that links with other regional partner jurisdictions in the Western Climate Initiative – which includes California, six other western states and four Canadian provinces.

ARB published the first draft Draft Cap and Trade Rule in November 2009. The draft regulation is long and complicated; it contains some preliminary regulatory language on the structure and process of cap and trade, but also has a lot of narrative language for sections where specific regulatory language has not been developed. Public comments are being taken now on this first draft; the second draft regulation will be issued for public comment this spring. In September 2010 the 45-day public review rule package will be issued, with ARB Board adoption of the rule scheduled for October 2010. The first auction of allowances will take place in the Fall of 2011, with the first compliance period in January 2012.

In a cap and trade program, a limit, or cap is put on the amount of pollutants (GHGs) allowed to be emitted. There are six different GHGs that are regulated and each one of them has a different global warming potential. Carbon dioxide is given the unit 1; everything else is compared to it. One allowance equals one metric ton of carbon dioxide equivalent. The total number of allowances created is equal to the cumulative emissions from all sources covered under the Cap and Trade regulation. These allowances could be auctioned or freely given to companies/groups. In addition to the allowances, they would also authorize the use of offsets in a limited amount. Covered entities could buy offset credits in lieu of buying allowances or reducing their emissions on-site.

The term compliance instrument covers both allowances and offsets. Compliance Instruments could be traded among entities. At the end of a given compliance period, the entities that are covered under the regulation would be required to turn in/surrender enough compliance instruments to match the emissions they had during that period.

A discussion was held regarding planting trees as a way of reducing GHGs. People want credit for doing this and want to be able to sell the credits on the open market. The concept of how to start the initial allowance system is subject to huge debate. ARB's preliminary recommendations are to provide a large portion of allowances free to covered entities for the first compliance period, with the remainder auctioned in an open market system. During the next compliance period, a higher percentage would be auctioned and a lower percentage would be given free; ultimately, 100% of the allowances would be auctioned.

ARB is receiving input on this from the Economic & Allocation Advisory Committee, who recommended the proceeds from the auction be used for three different things:

- Compensation for harm for areas that are not seeing the emission reduction benefits that come with reducing GHGs.
- Reimburse California residents for the increased costs passed on to consumers from the regulatory requirements.
- Finance public spending related to achieving the goals under AB32.

ARB does not want the air districts involved in implementing the Cap & Trade program because all districts run their programs a little differently due to differences in the severity of air quality in each district. ARB believes the Cap & Trade program should be implemented uniformly throughout the state and is concerned the air districts will not implement it uniformly.

4. Portable Engine ATCM and Registration Program Regulation Revisions - Dressler

The ARB has adopted many regulations to regulate the emissions of diesel particulate matter that comes from the combustion in diesel engines. The regulations affect all

stationary diesel engines and portable diesel engines. These rules are structured such that they give the older diesel engines a certain lifetime and have to be replaced on schedule designated by the regulations.

Portable Engine ATCM came up at the end of 2009. All Tier 0 uncertified engines were supposed to be taken out of service. A lot of companies waited to the last minute and many companies had never even heard of the regulation. These engines are very expensive. With the economy dropping, the Districts went to the ARB with their concerns of all the companies that waited till the last minute to replace their engines and now they cannot get loans to do this. This affects the small companies that may only have one or two engines. We were told by ARB staff to hang tough and enforce the rule.

After much badgering by the Districts, ARB decided to reopen the rule and extend the deadline. ARB and the Districts wanted to preserve most of the emissions reductions. This means that the larger companies that have large fleets of engines, were not going to receive any relief and it was only going to apply to smaller fleets of 25 engines or less. The big fleets complained of discrimination so ARB decided to apply the extension to everyone, but they did limit it to 5 engines per company that the extension would apply to. In January, ARB adopted this extension. There are some reporting requirements in the rule so we will know where the equipment is.

Another issue has to do with the status of Tier 1 and Tier 2 engines that have so far failed to obtain either a statewide registration or District permit. Under the current regulations such engines would now have to be immediately replaced with Tier 3 engines. Tier 3 engines are the newest, cleanest engines out there. If legal engines were not permitted by December 31, 2009, and are not considered resident engines, and they will not be able to operate, even if they are technically legal engines.

The Districts have recommended that unpermitted Tier 1 and Tier 2 engines, when found, would be allowed to obtain District permits and permitted to operate for a limited amount of time in order to give the operator some time to comply. To level the playing field, there needs to be a penalty for those who are caught operating without a permit. The SBCAPCD penalty is built into the permit rule that says if you get caught operating without a permit, all your permit fees are doubled. Also, since the ARB would not issue statewide registrations to these engines, they would lose the ability to move between Districts without having to undergo additional permitting.

5. ARB's Fuel Sulfur Requirements for Ocean-Going Vessels – Villegas

Ocean going vessels coming through the Santa Barbara channel are major contributors to onshore air pollution. Our current estimates are that 14 percent of our nitrogen oxides come from ocean going vessels. We project forty percent of emissions will come from ocean going vessels in 2030.

One of the main issues is the bunker fuel that is used to power these vessels. Bunker fuel which can have a sulfur content of about 25,000 ppm versus 15 ppm in diesel fuel. Effective July 2009, the CARB set a sulfur limit of 5,000 ppm, 24 nautical miles off the coast of California. It drops to 1,000 ppm on January 1, 2012.

The US EPA wanted to set it at 10,000 ppm in 2010 and 1,000 ppm in 2015. However, that needs to be implemented in emissions control zone. CARB will repeal their rule when the federal rule reaches full implementation in 2015.

The CARB rule has a 24 nautical mile limit. Prior to July 1, 2009, six percent of the ships were going thru the Navy Missile Range off of Pt. Mugu, 94 percent were passing thru the channel. After July 1, 50 percent of the ships started going outside the shipping lane into the Navy missile range. So far, the Navy has not had to cease operations, but this is not sustainable according to the Navy.

Santa Barbara used to have 20 ships per day go thru the Santa Barbara channel, and now there are three. Santa Barbara County is seeing significant improvements in air quality because of it. When the ships go beyond the channel, the wind patterns on the other side of the channel are different and the air pollutants are blown toward the Los Angeles and San Diego areas.

The main issue is the cost of the low sulfur fuel.

ARB is going to do air quality monitoring and they may be looking at a regulatory change. They don't want to adversely impact Ventura and Santa Barbara Counties if they do change the rule. Peggy Terico is our ARB contact regarding this issue.

Scandinavian ships switch to clean burning fuel when they get into their waters. The technology is out there and it can be done.

6. SLOCAOCD Particulate Matter Study – Allen

SLO County has measured high particulate matter levels on the Nipomo Mesa for many years. A special monitoring study, now known as the South County Phase 1 Particulate Study, was initiated in 2004. It found that we were exceeding the 24-hour PM10 standard at one or more monitoring locations on the Mesa on over 25 percent of the sample days. The filter samples showed it was wind blown dust – sand. Meteorological data indicated high wind events entraining PM from the Oceano Dunes complex upwind of the Mesa & transporting them inland as likely source; this is where the State Vehicle Recreation Area (SVRA) is located. They were not able to come up with a conclusive determination as to whether or not vehicle activity on the dunes was playing a role in that or not.

The report was presented to the SLOAPCD Board in 2007. At the time the report was presented to the Board, the State was trying to buy a portion of the dunes that was owned by the county, 600 acres, on the northern end of the SVRA. The Board

wanted to know if vehicle activity was a contributing factor and asked us to do another study.

The Phase II study was designed and conducted to determine whether off road vehicle activity on the dunes was contributing to the high PM concentrations; agricultural activities and emissions from the refinery petroleum coke piles on the Nipomo Mesa were also investigated as potential contributing sources.

Monitoring was performed between January 2008 thru March 2009. Measurements included PM & meteorological monitoring; the rate of sand movement on the dunes; and the mass, size distribution and elemental composition of the particulate. All measurements were performed both within and downwind of the SVRA, as well as within and downwind of control areas where no vehicle activity is allowed to compare the differences between the two.

The report will be published at the end of this week. The major findings are:

- The primary source of the particulate matter levels measured on the Mesa is the open sand sheets of the dunes on the coast. It included not just the open riding area, but also some of the control sites further south.
- The amount of wind required to make the sand move across the control sites areas was twice as high as the wind that enabled sand to move across the SVRA.
- Open sand sheets that were subject to off road vehicle activity emitted significantly greater amounts of particulates than the undisturbed sand sheets at the control sites.
- Vegetated dunes areas did not emit sand.
- Major Conclusion: OHV activity in the SVRA is a major contributing factor to the high particulate levels measured on the Mesa.
- Destroying the natural crust of the dunes looks like the biggest impact. It acts to increase the abilities of the wind to carry the sand particles to the Mesa.

7. Other Business/Next Meeting Date

July 21, 2010