

VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT
ADVISORY COMMITTEE MEETING
June 24, 2014
MINUTES

Neither the Chair nor Vice Chair was in attendance. Alice Sterling made a motion to nominate Michael Kuhn as Chair Pro Tem and Hugh McTernan seconded the motion. The committee elected Michael Kuhn as Chair Pro Tem by unanimous vote. Mr. Kuhn convened the meeting at approximately 7:35 p.m.

I. Director's Report

Mike Villegas, Air Pollution Control Officer, discussed the ambient ozone concentrations in the District. Last year was our cleanest year on record. The district had only 4 days over the standard of 75 parts per billion (ppb) and this brought our design value down. The design value is the three-year average of the fourth highest daily 8-hour concentration. The target is 75 ppb ozone and the design value is 79 ppb ozone. This has dropped dramatically in about a decade from a design value near 90 ppb. If we look at the trend line we are in good shape to meet the standard by 2021, which is our statutory deadline to attain the 2008 standard.

At the previous meeting Mr. Villegas mentioned he had given a presentation to the Air Pollution Control Board regarding light duty vehicle technology. The committee asked to see the presentation so Mr. Villegas gave a presentation titled "Light-duty Vehicle Technology for the Next Decade +". Mr. Villegas stated Tom Cackette, recently retired from the California Air Resources Board, had given this presentation to a meeting of Air Pollution Control Officers at a CAPCOA meeting last year.

For the period between 2011 and 2016, expect smog emissions to be about the same but greenhouse gas emissions should be approximately 17% lower and fuel economy should be approximately 20% better. At the same time, the average new car price will increase less than \$1,000 but fuel savings over the lifetime of the vehicle will be about \$3,000. The payback on the price increase is about 40 months.

The penetration rates of various technologies are presented in a graph. Aerodynamics and low rolling resistance tires should be on 60% of cars by 2016. Advanced transmissions and direct injection of fuel into the combustion chamber reach 30-40% penetration. Committee Member Paul Meehan asked for clarification about low rolling resistance tires. Low rolling resistance tires, such as the Bridgestone Ecopia or the Michelin Energy Saver, are already on some electric vehicles. They use a harder rubber and are stiffer tires so they give a stiffer ride and may not provide the same traction as some other tires. However through low rolling resistance they provide better gas mileage. Electric drives are just starting to show up in the market. We see Chevy Volt or Fiat 500 or Honda Fit electric vehicles at the charging stations outside the office very regularly.

The exciting projection shows up in the years 2017-2025. Smog emissions will show a 75% decrease by 2025. If you look at the portion of our inventory that comes from motor vehicles, if we end up with 25% of that it will be a major step forward for clean air in this county. Greenhouse gas emissions will be 34% lower and fuel economy will be 50% higher by 2025. Mr. Meehan asked if the technology is already there and only available for premium prices or is this something we are wishing for. Mr. Villegas stated he believes some of the technologies are already available. Committee Member Randy Johnson stated we are seeing some of it already with the multiple speed transmissions, advanced throttle bodies, direct injection and aerodynamics. Automotive industry never takes a quantum leap in technology at once – it is always phased in. Usually the higher-end cars get the technology first.

Committee Member Joan Burns questioned if the 75% reduction included diesel trucks. Mr. Villegas stated this applies to light duty vehicles. Ms. Burns questioned if the portion of smog emissions is shifting such that a greater portion is from heavy vehicles. Mr. Johnson stated clean diesel technology is available in heavy vehicles and high end passenger vehicles such as Mercedes. Clean diesel technology is near the level of gasoline engine technology was in the 1990's and it is advancing rapidly. They use electronically controlled fuel injection, catalytic converters, oxygen sensors, urea injection to reduce NOx, EGR and other technologies. They are beginning smog certification on diesels. The first phase is visual and electronic checks to make sure they are running properly but gas testing is coming.

The projections out to 2025 show aerodynamics and low rolling resistance tires deployed on almost every vehicle. Technologies such as direct injection, advanced transmissions and reduced mass of vehicles will reach 50-70% penetration by 2025. The electric drive including pure battery vehicles like the Tesla and hydrogen fuel cell vehicles are expected to exceed 15% of the market.

The state is going to require sales of zero emission vehicles (ZEV). They are projecting sales of plug-in hybrid cars like the Chevy Volt, which has some range purely on battery but has an internal combustion engine to extend the range past the battery capacity, and other ZEVs like battery electric and hydrogen fuel cell vehicles to reach 15%. Mr. Meehan asked if sales are driven by market pressures, how can sales be required. Mr. Villegas stated the mandate refers to the number of models offered for sale. The vehicles are starting to sell more so you see more of them on the roads.

The District is active in pushing electric vehicle infrastructure. The 75% reduction in smog emissions is too big not to go after. In 2013 there were about 2,000 level 2 chargers, which will charge a vehicle in 3-6 hours, statewide. Plans indicate approximately 18,000 level 2 chargers and approximately 200 fast chargers will be in place in the next decade. We have four chargers at this building and the county will be installing 10 additional chargers with a grant we helped them apply for. Camarillo Premium Outlets upgraded their old charges and they put in a fast charger near the Nike store that will charge a vehicle in about an hour.

Ms. Sterling asked about a master plan for charger locations and priority areas such as government centers and high employment areas. Mr. Villegas stated our district was the lead in forming a three county coalition with Santa Barbara County and San Luis Obispo County. SCAG is handling the LA region. Our three-county coalition got together to ensure the US 101 corridor is passable for battery electric vehicles. The coalition developed a plan to guide location of the chargers and what the priorities should be. We also reached out to the cities to encourage things like building requirements so when new homes are built they are roughed in for a charger in the garage. City outreach also helps building departments gain technical expertise so they are not hindering installations and to ensure the chargers are installed safely.

Ms. Sterling asked about private capital investment in the charger network. Mr. Villegas stated NRG is the party that installed the fast chargers at the outlet mall. Kerby Zozula of District staff stated Trader Joe's in Ventura just installed two new chargers.

Joan Burns noted she had discovered the price of chargers and installation was very high and asked about the availability of grants to private corporations. Mr. Villegas stated the District has been the lead of the three-county effort to coordinate grants in the area. Some funding comes from the US Department of Energy but most of the grant funding the District is involved with comes from the California Energy Commission. For private companies there are programs such as Charge Point and Clipper Creek. They had federal grants to assist in the deployment of this infrastructure.

Mr. Meehan asked if the home chargers run on 110 volt circuits. Mr. Villegas stated the vehicles can plug in to 110 and you can charge them but it is not like a level 2 charger that will give a full charge overnight. The level 2 chargers run on 220 volts. So a home charger must be installed by a professional.

The last slide shows ARB's predictions of the vehicle mix out to 2050, although any predictions for 2050 are speculative. By 2025 gasoline vehicles are already past their peak. The hybrid vehicles are a significant portion of the fleet, plug-in hybrids are there and battery vehicles are just starting to get going. There is quite a lot of California money targeted to infrastructure for the hydrogen highway. It appears the ARB is thinking fuel cell vehicles, plug-in hybrids and hybrids with a smaller mix of pure battery vehicles will be the future of the fleet. The pure battery vehicles range just will not be sufficient to meet consumer needs on a large scale.

Mr. Johnson commented he works with some hybrid and electric vehicles and the battery technology is just now getting good enough to make the battery cars worthwhile. In a small community, battery cars that are not much more than an oversize golf cart with extended range can be ideal. As production goes up, the cost will come down. A couple of clients with Prius vehicles have at least 200,000 miles on them. Mr. Villegas noted the electric Fiat is very affordable, and the Chevy Volt is an affordable vehicle with a limited battery only range.

Mr. Hernandez noted Harley-Davidson just announced the Live Wire electric motorcycle project, so electric drive is starting to bleed into that market as well. Ms. Burns stated Tesla has opened up their patents in an effort to help expand the market into the mainstream.

Mr. Villegas stated this is so important for the District because the stationary source control measures have already been implemented. We will be coming out with a rule covering propane/LPG distribution and transfer and it will result in significant ROC emission reductions. But it is not like the reductions obtained with the power plant rule, oil field engine rules and boiler regulations.

Mr. Wolfson noted the only things missing from our projections are the things we cannot even conceive of yet. Mr. Villegas said he told the Board that fuel cell vehicles are always 10 years away – they were 10 years away when he started with the district. Committee Member Hugh McTernan stated he rode in a fuel cell vehicle from UCLA in 1973.

Mr. George Piantka of NRG Energy, Inc. stated, in response to the earlier question about charging station location, the website evgonetwork.com has a link to a page that shows the location of charging stations. It shows six fast charge stations between Woodland Hills and Ventura. It is an NRG website.

Mr. Johnson asked if the charging stations charge fees. Mr. Villegas stated they are all set up to do so now. The District cannot provide free charging because it could be considered a gift of public funds. Different cities have set them up slightly differently. Ventura waived fees for a short period and now charges a nominal fee. Oxnard waived the fees on the charging stations downtown through this year. Some have a pin pad and credit card.

Mr. Meehan asked how many solar panels would be needed to power a charging station. Mr. Johnson noted you would need a large number of panels to generate 220 volts. Mr. Kuhn stated the solar panels could be set up to run the meter backwards until the station is used to charge a battery.

Mr. McTernan noted electric companies are looking into using cars for storage and then taking it back out of the cars. In November, California passed a law that requires achieving and maintaining at least 1.5 gigawatts of electricity storage capacity and 50% must come from private sources not the utilities. He believes Edison is proposing to have cars become part of the grid and that they can draw energy back when needed. This idea has many issues to address. He expects part of the deal is cheaper electricity for those who sign up, similar to interruptible service contracts with customers.

II. Call to Order

Chair Pro Tem Michael Kuhn called the meeting to order at approximately 7:55 p.m.

III. Roll Call

Present

Joan Burns

Raymond Garcia

Martin Hernandez

Randy Johnson

Michael Kuhn

Thomas Lucas

Hugh McTernan

Paul Meehan

Alice Sterling

Steven Wolfson

Absent

Robert Cole (excused)

Todd Gernheuser

Sara Head (excused)

Kim Lim (excused)

Keith Moore (excused)

Lindy Moore Palmer

Richard Nick (excused)

Staff

Mike Villegas

Chuck Thomas

Kerby Zozula

Tyler Harris

Public

Apeetha Jain, NRG Energy, Inc.

George L. Piantka, NRG Energy, Inc.

IV. Minutes

The minutes of the September 24, 2013 meeting were approved as drafted.

V. Committee Comment

Committee Member Paul Meehan took this opportunity to introduce himself to the committee as a new member and stated it was good to meet all of those present. In addition, he made a statement regarding air quality and traffic control.

Mr. Meehan stated the focus of the committee has been to address point sources of air pollution such as wastewater treatment, electricity generation, landfills and small privately owned businesses. Despite those efforts, it appears that one of the main reasons the district nearly met air quality standards for ozone last year was favorable weather. He finds it obvious the number one cause of reduced air quality in Ventura County is automobile traffic. He knows the District has no authority over mobile sources, but he asks the committee to hear his statement.

Mr. Meehan stated stop and go traffic is the worst for fuel efficiency. In our cities and county there is no apparent consideration given for that in our traffic management plans. There seems to be a disconnect between traffic control and air quality. Victoria Road is an excellent example. It can take nearly 20 minutes to travel from Telegraph Road to the 101 freeway during heavy traffic due to the way the stoplights work. A car can be stopped at a red light, released as the light turns green only to be stopped again at the next light. This happens over and over again throughout the county. According to the last traffic count in 2007, as many as 47,000 cars traverse that road each day. That is a lot of emissions.

Mr. Meehan's goal is to influence this body to make recommendations to various city traffic engineers and other involved parties to try to factor air quality into their management plans and reduce stop and go traffic. The 2025 goals for vehicle emissions look good, but he is hoping we can do something a little sooner. Mr. Meehan thanked the committee for listening.

Mr. Villegas stated the District does have a transportation specialist in the planning staff. He works with the Ventura County Transportation Commission and some of the projects have been signal synchronization. So there has been some effort on this issue already. However, it might not be a major thrust on the part of District or county staff. Mr. Meehan stated if there is anything he can do to help move that forward he would.

Mr. Kuhn stated he knows in Simi Valley they have very advanced traffic control. The traffic controller knows whether cars are queued or not and when there are no cars coming or passing through. He knows one intersection he passes through frequently where the queuing lane for a left hand turn holds about 5 vehicles. During heavy traffic, there are frequent times when more than 5 vehicles are waiting to make a left turn so they block one of the through traffic lanes. They have programmed the light now so the left hand turns get the first green light. That changes as soon as they run out of cars. There still may be lots of cars waiting to make a left turn so they let the through lanes go and give an additional left turn green light to allow the additional vehicles queued in the left turn pocket to turn.

Mr. Johnson stated CalTrans usually is planning their roads for 10-15 years in the future, but cities usually are only to plan for 3-4 years out. Oxnard has used various methods of traffic management and he thinks they are doing a fairly good job. Much more traffic is moving through the cities now than the amount they were designed for originally. Measures such as reducing parking on main thoroughfares, increasing traffic lanes, timing of lights and left hand pocket increases they have done a fairly good job. It seems with the increase in gas costs, daytime traffic has been reduced.

Mr. Kuhn noted that to help traffic flow, you need controllers at each intersection. It can cost up to \$200,000 per controller so there are limits to how many you can budget for each year. As you control one intersection, traffic moves to others, causing the area that needs to be controlled to expand.

Ms. Sterling noted that designers need to balance safety as well. She thinks the comments have been good and suggests creative ways to manage traffic such as roundabouts, one way streets or limited access street configurations.

Mr. Garcia stated the City of Thousand Oaks does a great job on traffic control. They make sure the lights are synchronized so fewer cars are stopping and starting. In South Lake Tahoe they will give a certain number of credits if you pay for a monitor at a stoplight to reduce the traffic congestion. He thinks it is a good point about traffic flow and air pollution, but lots of cities already put effort into traffic flow.

Mr. Johnson believes the use of monitors at stoplights is focused more on traffic flow than air quality. At the same time, the average vehicle today emits 100 times less pollution today while stopped at a light than vehicles did 20 years ago. So there can be 100 more cars stopped at a light than 20 years ago and the pollution will be the same. This issue will be addressed over time with electric and other low emission vehicles. Mr. McTernan noted that when he stops his Prius at a light the engine stops. Mr. Johnson added that electronic throttle controls allow more air in during idling so the quantity of gas coming out of the tailpipe is less each year.

Mr. Meehan stated he is happy to hear that Thousand Oaks and Simi Valley seem to have a good handle on this but Ventura and Oxnard do not. Victoria, Oxnard Blvd. and Ventura Blvd in Oxnard all seem to have stop and go where you stop at one light, go on the green and then stop at the next. It appears there are sensors in the street but they interrupt the free flow by allowing a car or two from the cross street to pass with little wait time.

Mr. Lucas stated that Victoria in Oxnard seems to flow well, with the lights timed. Mr. Johnson noted he has found the lights are timed for a speed that appears to be one or two miles per hour above the speed limit.

Mr. Kuhn stated he has observed some other communities where cross streets allow green lights on cross streets with no traffic while traffic backs up on the main thoroughfare, but that does not happen in Simi Valley. He also noted Simi Valley has a person on staff that monitors the intersections using the computer system. Mr. Kuhn used to ride a bicycle through a certain intersection that would not provide sufficient time for him to cross before the light turned red. This created a dangerous situation with cross traffic having a green light before he was out of the intersection. Mr. Kuhn contacted the traffic manager and he reprogrammed the light to provide sufficient time for a bicyclist to cross.

Ms. Sterling asked for clarification about the District staff person that works with transportation issues. She asked if this issue is something appropriate for this individual to investigate. Mr. Villegas stated he has previously provided information on synchronization projects so he could definitely do it again. Mr. Meehan expressed interest in reviewing that information.

VI. Chairman's Report

There was no chairman's report.

VII. Public Comment

There was no public comment.

VIII. Old Business

There was no old business.

IX. New Business

Proposed Amendments to Rule 26.13, New Source Review – Prevention of Significant Deterioration

Tyler Harris of the District gave a presentation of the proposed amendments to Rule 26.13, New Source Review – Prevention of Significant Deterioration (PSD). Staff is proposing to amend Rule 26.13 to address deficiencies identified by the USEPA and facilitate delegation of federal PSD permitting to the District. Notice of this Advisory Committee meeting was sent to all major sources of air pollution in the District.

Mr. Harris summarized the history of PSD permitting rules. The PSD program was initiated by the EPA in 1978 based on the Clean Air Act Amendments of 1977. The purpose of the PSD program is to protect air quality while allowing economic growth. The central provision of PSD is the requirement that new major sources and significant modifications of existing major sources be equipped with Best Available Control Technology (BACT) for all PSD pollutants. Initially, EPA did not delegate PSD permitting to many state and local air programs. The District adopted Rule 26.10 in 1991, codifying the referral of PSD permitting in the District to the EPA.

In 2010, the EPA adopted the greenhouse gas (GHG) tailoring rule to adjust the major source thresholds and apply PSD to GHG. Shortly thereafter, the EPA requested air districts adopt rules to accept delegation of PSD permitting from EPA. The District adopted Rule 26.13 in June 2011. Rule 26.10 was rescinded as part of the same board action. The original rule 26.13 was based on a model rule prepared by collaboration between EPA, ARB and CAPCOA. Lawsuits (not involving the District) required changes to the federal PSD rule. In addition, EPA determined Rule 26.13 was not sufficient as adopted to properly implement federal PSD permitting. EPA requested revisions to Rule 26.13. The proposed amendments to Rule 26.13, if approved, will allow EPA to approve a State Implementation Plan revision and delegate authority to issue federal PSD permits to the District.

Mr. Harris summarized the proposed amendments to Rule 26.13. Staff is not proposing any changes to sections A and B of the rule. Section C, identifies the federal rule section, 40 CFR

Part 52.21 that will be incorporated and specifies exclusions and clarifications. Staff has specified July 1, 2014 to identify the print edition of the CFR that contains the official text of the incorporated rule.

In section D staff is proposing to add four new sections including requirements for District notifications to EPA, completeness determinations, excluding GHG from monitoring and modeling requirements, and options for PSD permitting of electric power generation projects.

Staff proposes to delete the current text of Section E which referred to Rule 26.7. The proposed new content of Section E requires the following within one year of complete application – preliminary determination, public and specific interested party notifications, public hearing requirements, consideration of all public input and a final determination whether to approve or deny the permit application.

On June 12, after the Advisory Committee packet had been mailed, staff received comments from EPA on the draft revisions by email. Two of the originally proposed revisions are no longer necessary because EPA has made the specified changes to the CFR based on the court decisions. Staff made the changes in the proposed revised rule as recommended in EPA's comments.

Mr. Harris discussed PSD applicability thresholds. Any source that has direct potential emissions (not including fugitive emissions) of 250 tons per year of a PSD pollutant or 100,000 tons per year of GHG is considered a major source. For certain named sources, those on a list in 40 CFR Part 52.21, the major source threshold is 100 tons per year and it includes fugitive emissions (for non-GHG pollutants). If a source is already considered major, the PSD threshold is significantly lower – a net increase of 40 tons per year (tpy) of most pollutants, 15 tpy of PM10, 10 tpy of PM2.5 and 75,000 tpy CO2e (see also table in staff report).

Mr. Harris presented a table of existing major sources of PSD pollutants in Ventura County and discussed the sources that would be affected by the proposed rule amendments. Approximately one third of the major sources of PSD pollutants in the District are electricity generation. Any new source that will be a major source of PSD pollutants or project that would be considered major by itself will require a PSD permit. Any modification of an existing major source where the net emissions increase exceeds the modification threshold listed in the staff report requires a PSD permit. Most industries where this is likely to occur are familiar with PSD regulations and tend to prefer local or state control of PSD permits due to better responsiveness of state and local agencies when compared to EPA.

Ms. Sterling asked about a definition of the word "source" in this rule. Mr. Zozula stated the word source refers to "stationary source" which is defined in the District's definitions rule, Rule 2. Stationary source is defined as a building or facility that emits air pollutants that are located on contiguous properties. There is debate over when facilities should be considered a single source, such as a coal mine next to a power plant. Factors include how much coal goes to the power plant versus how much is sold, and it gets quite complicated. Practically speaking for Ventura County, the source is a piece of land with equipment on it.

Rule 23 lists equipment that needs permits and equipment that does not need permits. Rule 23 lists what equipment needs a permit, and the Rule 2 source definition draws a circle around the equipment. Add up all of the emissions from the various pieces of equipment and that is the source.

Since PSD is a pre-construction permit program, the proposed revisions only matter to future projects. If we look into our crystal ball, we see a few potential projects on the horizon that will likely be subject to PSD if they actually happen. All of them are electricity generation projects and will likely only be subject to PSD for greenhouse gases. Due to the recent Supreme Court ruling, we are not sure if such sources will be subject to PSD. Available cost-effective controls will likely keep NO₂ and CO emissions below major source thresholds. Otherwise, staff believes it is unlikely the District will receive a PSD permit application in the foreseeable future.

Mr. Harris discussed the expected impacts of the proposed rule amendments. Most impacts will likely be beneficial to regulated community. Industry generally prefers to deal with local agencies rather than EPA because local agencies are more responsive, it is easier to meet directly with engineering staff and permits are usually issued faster.

The proposed rule amendments will allow a source to submit a single application rather than a PSD application to EPA and an Authority to Construct (ATC) application to the District. A single application reduces paperwork and eliminates need to coordinate with two agencies. The rule amendments also allow the District to implement PSD requirements through the Determination of Compliance process for new projects regulated by the California Energy Commission.

Fees might increase, but increase will be incremental since an ATC is required regardless of PSD permitting authority. A District BACT analysis is already required for the ATC. However, any District time spent on modeling will be subject to Rule 42 fees. This is where the majority of the fee increase will occur. Since GHG are not subject to modeling, if the project is only subject to PSD for GHG the increase in cost will likely be negligible.

A committee member asked about the expected fees for a PSD permit. Mr. Harris stated the fees for a PSD permit could range from \$15,000 to \$150,000 for permit processing. If modeling is required, that would be when the fees would be on the higher end. But since the District would issue an authority to construct for any PSD project submitted to EPA, some of the fees would be applicable anyway. If modeling is required, the fee increase could be up to \$60,000 or more to process the permit because modeling is time intensive.

Mr. Zozula stated the fees are very hard to predict since PSD projects often go through lots of public hearings where there is no control over time needed. Public hearings and response to comments can be time consuming and result in high fees for permit processing. For any project that would trigger PSD, the permitting fees would likely be insignificant to the cost of the project. The range of fees reflects the man-hours it would take to process the permit application. Mr. Zozula stated that a colleague in San Diego said a PSD project took 1,000 hours of staff time to issue a permit for a new power plant. The district bills the applicant for the time spent on the permit review at a rate of \$120 per hour.

Mr. Villegas stated there is another advantage to having the District prepare PSD permits. Electrical power generation projects are often controversial. If the EPA does the permit, if there is an appeal about whether the permit was properly issued it goes through their Environmental Appeals Board. That process can take years to get an answer. Whereas if an appeal goes through the District hearing board, you can have your answer in months. When you are talking about the cost of a power plant, \$100,000 in permit fees is nothing against waiting an extra year for an EPA appeal. It is the sunk cost of the investment that is important. The only avenue of appeal after the District hearing board is the courts.

Mr. Harris summarized the presentation. The proposed rule amendments correct deficiencies in Rule 26.13 identified by EPA. They facilitate delegation of PSD permitting authority from EPA to the District. The rule is applicable to construction of future major sources or significant modifications of existing major sources and the amendments will allow a source to submit a single permit application to the District instead of a PSD application to EPA and a District ATC application. There is a potential incremental increase in permit fees.

Ms. Sterling asked about bullet point number 2 in the executive summary of the staff report. She noted there is an EPA guidance document that came out May 14, 2014. Does the permit modeling guidance document apply to the PM_{2.5} modeling and the removal of the *de minimis* level for modeling? Mr. Harris responded that the amendment discussed in that bullet point is one of the changes EPA stated were no longer necessary in their email of June 12, 2014. EPA has changed the CFR. The result of the Sierra Club vs. EPA lawsuit was the vacatur of the PM_{2.5} *de minimis* level. EPA has since modified the CFR to state there is no *de minimis* level for PM_{2.5}. Mr. Zozula stated the court ruling eliminated the *de minimis* level below which modeling would not be required. Therefore, any increase in PM_{2.5} would require modeling and it would be conducted in accordance with the most recent guidance.

A committee member asked about the levels in Table 1, and whether they are in addition to the existing emissions. Mr. Harris stated Table 1 lists thresholds for modifications at an existing major source. The net emissions increase from a project must be above the thresholds listed in Table 1. So if a project will emit 150 tons of NO_x, but last year the source shut down a process that emitted 120 tons of NO_x, the net is only 30 tons so they would not require a PSD permit. Mr. Zozula stated if any of the sources listed in Table 2 have a new project for the same pollutant that exceeds the table 1 rates the project would be subject to PSD. If an increase at an existing major source is over the threshold it would require a PSD permit.

A committee member asked if the peaker plant required a PSD permit. Mr. Zozula stated the peaker plant had very low emissions. Also, since the peaker plant was Edison, the stationary source question was pertinent because the peaker and the adjacent power plant are two stationary sources due to different owners. The peaker plant only emits 4 tons of NO_x, so it is tiny because it does not operate very much. Had it been the same company, it would still not be subject to PSD because the emissions increase was small.

Mr. Meehan noted that the staff report states the proposed amendments are administrative in nature and will not affect the content or cost of PSD permits because the requirements mirror the

current EPA PSD program. But if the EPA does not charge fees for their permits but the District does, that is a major effect on the cost. Mr. Harris responded that if the District received a PSD permit application today, the project would also require a District ATC and the District would charge fees for that permit. The fee increase may be incremental unless the District must do modeling. That is the only time fees would increase significantly.

Mr. Zozula provided additional explanation for the reason for the EPA's request to delegate PSD permitting to state and local districts. When EPA applied PSD to GHG, they expected a flood of PSD applications. EPA does not have the staff to handle it. In California, the major air districts such as South Coast, Bay Area and San Joaquin Valley all have their own PSD permit programs with dedicated engineering staff. EPA did the PSD permits for the other counties without PSD programs. He believes EPA only received a handful of PSD applications for California in the last 3-4 years. It was very difficult for sources when they required a permit from EPA and the local district. EPA was not charging fees, but sources were paying consultants a lot of money to prepare the application for EPA and respond to EPA's comments.

This rule amendment will allow the source to prepare one application for one agency. Many of the requirements are the same. The District already has a new source review rule that requires BACT. If a source does a BACT analysis for us, they also have to duplicate the BACT analysis for EPA PSD permitting. The conclusion might be the same, but there is the cost of duplication of effort. In the end, it might or might not cost a little more due to the District permitting fees.

Mr. Zozula continued stating now that GHG are no longer a pollutant with a PSD threshold, the flood of PSD applications may not come in. But if we do have a big power plant, even though GHG would not trigger PSD the project might hit it because of carbon monoxide. Since power generation is one of the 28 named sources, the threshold for CO is 100 tons per year. With modern catalysts, they might be able to keep CO emissions below 100 tons.

A committee member asked about the history and the statement in the staff report that the District has never issued a PSD permit in the history of the program. Mr. Zozula stated the District has never been delegated authority so we have never issued a PSD permit. In the late 1970's or early 1980's, EPA issued a few PSD permits, but the District has never issued one. Since Rule 26.10 was adopted in 1991, EPA has not issued a PSD permit in the District either. This is because if a source needs a PSD permit, it also needs an ATC from the District. The project would be subject to our Rule 26 which requires BACT and emission offsets. So to be a PSD source, it would emit a lot of NOx, probably 100 or 200 tons. We do not even have that much in our bank.

Ventura County is not a heavy industrial community anyway, so it is unlikely we will have another Procter & Gamble or 3M. Facilities like that are too big for the county's infrastructure. EPA issued a few PSD permits decades ago. The old Rocketdyne facility had a PSD permit issued around 1979.

Mr. Meehan asked about the exclusion of GHG, since in Table 1 GHG are listed at the bottom but many of the substances in the table are also greenhouse gases themselves. He asked if the GHG is broken out somewhere or how is it quantified. Mr. Harris responded that the GHG

category at the bottom of Table 1 refers to the specific list of GHG listed by EPA. EPA regulations apply to a specific list of six gases and they are not otherwise listed in Table 1. Due to the Supreme Court ruling, the references to GHG in this rule revision will likely change. The staff report will be revised accordingly once EPA provides guidance. Mr. Zozula stated EPA Region 9 already stated they would let the District know what the court ruling means.

A committee member asked if the changes in EPA regulation of GHG will be covered because the rule is incorporated by reference. Mr. Harris responded that since the incorporation by reference will refer to a specific date for the published CFR, any subsequent changes will not be incorporated in the District rule. The District will either need to revise the rule again to change the date of the incorporated CFR, or wait until the EPA revises the CFR in response to this court ruling before taking the rule to the Board. Mr. Villegas stated we may hold off on the Board date depending on the guidance received from EPA.

Mr. Zozula pointed out that the proposed EPA regulations covering power plant GHG emissions were upheld by the Supreme Court. Therefore, EPA is allowed to regulate GHG directly through rulemakings, but not through the PSD program with specific thresholds.

Mr. Meehan asked how the elimination of GHG from the PSD program will affect the achievement of the goals of PSD. He stated removal of GHG seems to conflict with those goals. Mr. Harris responded that it was the Supreme Court ruling that affects the status of GHG as a PSD pollutant and we have no control over that. Mr. Zozula stated the Supreme Court ruling affirmed EPA's authority to regulate GHG through direct regulations such as vehicle standards and the recently proposed power plant rules. The power plant rules will capture approximately 80% of GHG emissions from US stationary sources.

Mr. Harris stated that the Supreme Court ruling negated the EPA tailoring rule, which attempted to raise the PSD threshold for GHG. The Clean Air Act contains the major source pollutant thresholds of 250 tpy and 100 tpy. The court ruled that EPA cannot change those thresholds through a regulation. If a GHG source would be subject to PSD at 250 tons per year, there would be thousands of PSD applications every year because small boilers at high schools would emit over 250 tons per year of GHG. Regulating GHG at the statutory thresholds for PSD is absurd. EPA attempted to rationalize PSD for GHG by raising the thresholds but the court vacated that rule.

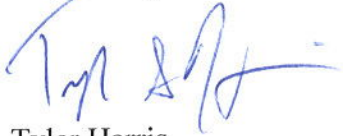
Mr. Meehan stated that adding a definition of GHG to the staff report would be helpful. Mr. Harris responded that this rule amendment was expected to be administrative and non-controversial, so he attempted to keep the staff report concise. The GHG definition will be added along with other changes required to address the Supreme Court ruling.

Committee Member Raymond Garcia made a motion to recommend the Board adopt the proposed amendments to Rule 26.13. Committee Member Martin Hernandez seconded the motion. Chair Pro Tem Kuhn requested any additional discussion. Hearing none, he called the question for a vote. The vote was unanimous in favor of the motion so the motion carried.

X. Adjournment

Having no further business, Chair Pro Tem Kuhn adjourned the meeting at approximately 8:45 p.m.

Prepared by:

A handwritten signature in blue ink, appearing to read 'Tyler Harris', with a stylized flourish at the end.

Tyler Harris
Air Pollution Control District Staff