

Draft Annotated Outline for Industrial Facility Modernization

1. Background
 - a. Purpose and Objective
 - i. Encourage replacement of existing equipment to newer lower emitting equipment
 - ii. Encourage new businesses to site in the Basin
 - iii. Encourage new businesses that are using near-zero and zero emission technologies and/or that are manufacturing near-zero and zero emission technologies to site in the Basin
 - iv. Identify potential barriers and incentives to encourage industrial facility modernization
 - b. What is “Industrial Facility Modernization”?
 - i. Replacing older higher emitting equipment with newer lower emitting equipment
 - ii. Process changes that result in lower emissions
 - iii. Can include an individual piece of equipment such as a boiler or an entire facility
 - iv. Potentially substantial emission reductions
 - v. Encourage existing and new facilities to operate in this air Basin
 - vi. Encourage existing and new facilities producing zero and near zero technologies to operate in this air Basin
 - c. Scope
 - i. Permitted stationary sources
 - ii. Individual pieces of equipment or entire facility
 - iii. Focus on combustion sources
 - iv. Primary focus is NO_x reductions with concurrent PM
 - v. Concurrent GHG benefits
2. Potential Barriers to Modernizing Equipment
 - a. Advanced Technology
 - i. Availability of advanced pollution controls
 - ii. Cost – capital, installation, and operation and maintenance
 - b. Key business issues (SCAQMD-related)
 - i. Permitting
 - ii. Business certainty
 1. Anticipated future regulatory activity
 2. New Source Review (See below)
 - iii. Ability to grow and/or expand
 - iv. Prior investments – has equipment reached its useful life
 - c. New Source Review
 - i. Availability of offsets
 - ii. Others
3. Breaking the Barriers – A Potential Path Forward
 - a. Success stories
 - i. Lessons learned

- ii. Dispelling myths
 - b. Potential Strategies for Equipment and/or Facility Modernization
 - c. Identify current status of advanced technologies for key industrial source categories
 - i. Best Available Control Technologies (BACT)
 - ii. Technologies on the horizon
 - d. Identifying “Win-Win” scenarios
 - i. Emissions reduction potential
 - ii. Efficiency opportunities
 - iii. Potential cost savings
 - iv. Remaining competitive
- 4. Mechanisms to Incentivize Industrial Modernization
 - a. Permitting
 - i. Reduced permitting fees
 - ii. Expedited permit processing
 - iii. Permit conditions
 - b. Funding
 - c. Market incentives
 - d. New Source Review
 - i. ERCs
 - ii. Reforms
 - iii. Other
 - e. Business certainty
 - i. Regulatory endpoints?
 - ii. Regulatory certainty for near-zero and zero-emission technology investments
 - f. Investigate situations for providing greater incentives
 - i. Total facility modernization vs. individual equipment
 - ii. Modernizing older, higher polluting equipment
 - iii. Higher impacted communities
 - iv. Zero-emission technologies
 - v. Pollution prevention approach
- 5. Facility Modernization and the 2016 AQMP
 - a. Findings
 - b. Recommendations