

NOTICE OF PUBLIC WORKSHOP Proposed Amendments to RECLAIM

**August 11, 2016, Thursday
1:30 p.m.
SCAQMD Headquarters, Auditorium
21865 Copley Drive
Diamond Bar, CA 91765**

Purpose of this Meeting

The South Coast Air Quality Management District (SCAQMD) has scheduled a Public Workshop in order to obtain additional comments, information, and suggestions from the public regarding proposed amendments to **Regulation XX - Regional Clean Air Incentives Market (RECLAIM)**, a market-based incentive program, and on achieving the air quality objectives discussed below. Regulation XX is scheduled to be amended at a Public Hearing before the SCAQMD Governing Board on October 7, 2016.

Rule Background

At the December 4, 2015 Governing Board Meeting, amendments were adopted to Regulation XX – Regional Clean Air Incentives Market (RECLAIM) that pertained to oxides of nitrogen (NO_x). However, the SCAQMD Governing Board did not adopt amendments pertaining to facility and equipment shutdowns. Staff was instructed by the Governing Board to return to the NO_x RECLAIM Working Group for further discussion and analysis of potential impacts on the entire NO_x RECLAIM program and consideration of possible alternatives that would allow a closer alignment of the treatment of shutdown credits in RECLAIM with the treatment of shutdown credits in command-and-control programs short of full forfeiture. Following this process, staff was instructed to return to the Board with either the original proposal for Rule 2002(i) or some other alternate proposal.

Proposed Rule Amendments and Air Quality Objectives

The proposed amendments to Regulation XX would achieve a closer alignment of the treatment of shutdown credits under RECLAIM and emission reduction credits (ERCs) under command-and-control rules. In addition, the proposed amendments would prevent certain RTCs from facility shutdowns from entering the market and delaying the installation of BARCT at other RECLAIM facilities. This would further ensure that the RECLAIM program as a whole will result in equivalent or greater reductions in emissions compared to BARCT regulations.

The proposed amendments would apply to facilities in RECLAIM that permanently shut down. The proposed rule establishes the criteria for determining a facility shutdown, and the methodology to calculate the amount of RTCs that a facility will be required to surrender to the Executive Officer. Proposed Amended Regulation XX also includes exclusions from this

provision to allow facilities under common ownership that conduct the same function to use shutdown RTCs as well as provisions that allow for planned non-operation for up to five years for facilities that meet specific criteria.

California Environmental Quality Act

The currently proposed amendments to Regulation XX are considered to be modifications to the previously approved project (the December 2015 amendments to Regulation XX) and are a "project" as defined by the California Environmental Quality Act (CEQA). For the previously approved project, the SCAQMD, as the CEQA Lead Agency, prepared a Final Program Environmental Assessment (PEA) for Proposed Amended Regulation XX - Regional Clean Air Incentives Market (RECLAIM) that was certified by the SCAQMD Governing Board on December 4, 2015 (State Clearinghouse No. 2014121018 / SCAQMD No. 12052014BAR).

CEQA Guidelines §15164 (a) allows a lead agency to prepare an Addendum to a previously certified CEQA document if some changes or additions are necessary but none of the conditions described in CEQA Guidelines §15162 have occurred. The currently proposed amendments to Regulation XX would not be expected to trigger any conditions identified in CEQA Guidelines §15162 because the proposed project would not:

- result in new or more severe significant effects requiring substantial revisions in the previous CEQA document (e.g., the Final PEA);
- create new significant project-specific or cumulative impacts in any environmental topic areas; or,
- make any project-specific or cumulative impacts in any environmental areas substantially worse as a result of implementing the proposed project.

Thus, SCAQMD will prepare an Addendum to the December 2015 Final PEA for the currently proposed project. While an Addendum need not be circulated for public review [CEQA Guidelines §15164 (c)], the Addendum, as well as the currently proposed amendments to Regulation XX, will be made available to the public 30 days prior to Public Hearing to be held on October 7, 2016 (subject to change). The previously certified Final PEA, supporting documentation, and record of approval of the December 2015 amendments to Regulation XX are available upon request by calling the SCAQMD Public Information Center at (909) 396-2039 or by visiting SCAQMD's website at www.aqmd.gov. The direct link to the December 2015 Final PEA can be found at <http://www.aqmd.gov/home/library/documents-support-material/lead-agency-scaqmd-projects/scaqmd-projects---year-2015>.

Questions regarding the CEQA analysis and the upcoming preparation of the Addendum may be directed to:

Barbara Radlein
Planning, Rule Development and Area Sources
South Coast Air Quality Management District

21865 Copley Drive
Diamond Bar, CA 91765
Phone: (909) 396-2716
Email: bradlein@aqmd.gov
Fax: (909) 396-3324

Available Supporting Documents

The following supporting documents will be made available on or before the public workshop:

- Proposed Amended Regulation XX
- Preliminary Draft Staff Report

To Obtain Copies of the Above Documents

Copies of the documents listed are available and may be obtained from:

Mr. Philip Crabbe III
Public Information Center
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765
(909) 396-2039

The documents are also available for download from the SCAQMD website at:

<http://www.aqmd.gov/home/regulations/rules/proposed-rules>

Submissions of Documents or Comments

The public is requested to send comments, documents or other information relevant to these proposals to:

Mr. Gary Quinn, P.E.
Planning, Rule Development and Area Sources
South Coast Air Quality Management District
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Diamond Bar, CA 91765
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Written comments regarding the proposed rule amendments submitted by August 26, 2016 will be responded to in the staff report, which is part of the information considered by the SCAQMD Governing Board.