



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
STATIONARY SOURCE AND CLIMATE IMPACTS COMMITTEE

COMMITTEE MEMBERS

JOHN BAUTERS – CO-CHAIR
TERESA BARRETT – VICE CHAIR
JOHN GIOIA
ERIN HANNIGAN
DAVINA HURT
MARK ROSS

KAREN MITCHOFF – CO-CHAIR
RICH CONSTANTINE
CAROLE GROOM
DAVID HAUBERT
TYRONE JUE

**THIS MEETING WILL BE CONDUCTED UNDER PROCEDURES AUTHORIZED BY
EXECUTIVE ORDER N-29-20 ISSUED BY
GOVERNOR GAVIN NEWSOM**

- **THE PUBLIC MAY OBSERVE THIS MEETING THROUGH THE WEBCAST BY
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YOUR APPLICATION IS UP TO DATE**

**MONDAY
SEPTEMBER 27, 2021
9:00 A.M.**

AGENDA

1. CALL TO ORDER - ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC MEETING PROCEDURE

The Committee Co-Chair shall call the meeting to order, and the Clerk of the Boards shall take roll of the Committee members.

This meeting will be webcast. To see the webcast, please visit www.baaqmd.gov/bodagendas at the time of the meeting. Closed captioning may contain errors and omissions and are not certified for their content or form.

***Public Comment on Agenda Items** The public may comment on each item on the agenda as the item is taken up. Members of the public who wish to speak on matters on the agenda for the meeting, will have three minutes each to address the Committee. No speaker who has already spoken on that item will be entitled to speak to that item again.*

Staff/Phone (415) 749-

CONSENT CALENDAR (ITEM 2)

2. APPROVAL OF THE MINUTES OF JULY 19, 2021

Clerk of the Boards/5073

The Committee will consider approving the draft minutes of the Stationary Source and Climate Impacts Committee meeting of July 19, 2021.

END OF CONSENT CALENDAR

REGULAR AGENDA (ITEMS 3-4)

3. DRAFT AMENDMENTS TO REGULATION 2: PERMITS, RULE 1: GENERAL REQUIREMENTS, AND REGULATION 2: PERMITS, RULE 5: NEW SOURCE REVIEW OF TOXIC AIR CONTAMINANTS

J. Finkle/8435

jfinkle@baaqmd.gov

The Committee will receive an update on staff's proposed concepts to amend the Air District's Permitting Regulation.

4. **REVISED DRAFT REGULATION 13: CLIMATE POLLUTANTS, RULE 5: PETROLEUM REFINERY HYDROGEN PLANTS (RULE 13-5)**

V. Douglas/4752
vdouglas@baaqmd.gov

The Committee will receive an update on the Air District's current development of draft Rule 13-5 for petroleum refinery hydrogen plants.

END OF REGULAR AGENDA

5. **PUBLIC COMMENT ON NON-AGENDA MATTERS**

Members of the public who wish to speak on matters not on the agenda for the meeting, will have three minutes each to address the Committee.

6. **COMMITTEE MEMBER COMMENTS**

Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)

7. **TIME AND PLACE OF NEXT MEETING**

Monday, October 18, 2021, at 9:00 a.m., via webcast pursuant to procedures authorized by Executive Order N-29-20 issued by Governor Gavin Newsom.

8. **ADJOURNMENT**

The Committee meeting shall be adjourned by the Committee Co-Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
375 BEALE STREET, SAN FRANCISCO, CA 94105
vjohnson@baaqmd.gov

(415) 749-4941
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the Air District's offices at 375 Beale Street, Suite 600, San Francisco, CA 94105, at the time such writing is made available to all, or a majority of all, members of that body.

Accessibility and Non-Discrimination Policy

The Bay Area Air Quality Management District (Air District) does not discriminate on the basis of race, national origin, ethnic group identification, ancestry, religion, age, sex, sexual orientation, gender identity, gender expression, color, genetic information, medical condition, or mental or physical disability, or any other attribute or belief protected by law.

It is the Air District's policy to provide fair and equal access to the benefits of a program or activity administered by Air District. The Air District will not tolerate discrimination against any person(s) seeking to participate in, or receive the benefits of, any program or activity offered or conducted by the Air District. Members of the public who believe they or others were unlawfully denied full and equal access to an Air District program or activity may file a discrimination complaint under this policy. This non-discrimination policy also applies to other people or entities affiliated with Air District, including contractors or grantees that the Air District utilizes to provide benefits and services to members of the public.

Auxiliary aids and services including, for example, qualified interpreters and/or listening devices, to individuals who are deaf or hard of hearing, and to other individuals as necessary to ensure effective communication or an equal opportunity to participate fully in the benefits, activities, programs and services will be provided by the Air District in a timely manner and in such a way as to protect the privacy and independence of the individual. Please contact the Non-Discrimination Coordinator identified below at least three days in advance of a meeting so that arrangements can be made accordingly.

If you believe discrimination has occurred with respect to an Air District program or activity, you may contact the Non-Discrimination Coordinator identified below or visit our website at www.baaqmd.gov/accessibility to learn how and where to file a complaint of discrimination.

Questions regarding this Policy should be directed to the Air District's Non-Discrimination Coordinator, Terri Levels, at (415) 749-4667 or by email at tlevels@baaqmd.gov.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

375 BEALE STREET, SAN FRANCISCO, CA 94105

FOR QUESTIONS PLEASE CALL (415) 749-4941

EXECUTIVE OFFICE:

MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

SEPTEMBER 2021

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Mobile Source and Climate Impacts Committee	Thursday	23	9:30 a.m.	Webcast only pursuant to Executive Order N-29-20
Board of Directors Stationary Source and Climate Impacts Committee	Monday	27	9:00 a.m.	Webcast only pursuant to Executive Order N-29-20

OCTOBER 2021

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Meeting	Wednesday	6	9:30 a.m.	Webcast only pursuant to Executive Order N-29-20
Board of Directors Legislative Committee	Wednesday	6	1:00 p.m.	Webcast only pursuant to Executive Order N-29-20
Board of Directors Community Equity, Health and Justice Committee	Thursday	7	9:30 a.m.	Webcast only pursuant to Executive Order N-29-20
Board of Directors Stationary Source and Climate Impacts Committee	Monday	18	9:00 a.m.	Webcast only pursuant to Executive Order N-29-20
Board of Directors Special Meeting	Wednesday	20	9:00 a.m.	Webcast only pursuant to Executive Order N-29-20
Board of Directors Administration Committee	Wednesday	20	11:00 a.m.	Webcast only pursuant to Executive Order N-29-20
Board of Directors Legislative Committee – CANCELLED	Wednesday	20	1:00 p.m.	Webcast only pursuant to Executive Order N-29-20
Advisory Council Meeting	Monday	25	8:30 a.m.	Webcast only pursuant to Executive Order N-29-20
Board of Directors Mobile Source and Climate Impacts Committee	Thursday	28	9:30 a.m.	Webcast only pursuant to Executive Order N-29-20

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairpersons John Bauters and Karen Mitchoff, and Members
of the Stationary Source and Climate Impacts Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 16, 2021

Re: Approval of the Minutes of July 19, 2021

RECOMMENDED ACTION

Approve the attached draft minutes of the Stationary Source and Climate Impacts Committee (Committee) meeting of July 19, 2021.

DISCUSSION

Attached for your review and approval are the draft minutes of the Stationary Source and Climate Impacts Committee meeting of July 19, 2021.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

Attachment 2A: Draft Minutes of the Stationary Source and Climate Impacts Committee Meeting of July 19, 2021

AGENDA: 2A – ATTACHMENT

Draft Minutes – Stationary Source and Climate Impacts Committee Meeting of July 19, 2021

Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, California 94105
(415) 749-5073

DRAFT MINUTES

Summary of Board of Directors
Stationary Source and Climate Impacts Committee Meeting
Monday, July 19, 2021

This meeting was conducted under procedures authorized by executive order N-29-20 issued by Governor Gavin Newsom. Members of the Committee participated by teleconference.

1. CALL TO ORDER – ROLL CALL

Stationary Source and Climate Impacts Committee (Committee) Co-Chairperson John Bauters called the meeting to order at 9:00 a.m.

Present: Committee Co-Chairpersons John Bauters and Karen Mitchoff; Vice Chairperson Teresa Barrett; and Directors Rich Constantine, John Gioia, Carole Groom, David Haubert, Davina Hurt, and Mark Ross.

Absent: Directors Erin Hannigan and Tyrone Jue.

Also Present: None.

2. APPROVAL OF THE MINUTES OF JUNE 21, 2021

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Vice Chair Barrett made a motion, seconded by Director Hurt, to approve the Minutes of June 21, 2021; and the motion carried by the following vote of the Committee:

AYES: Barrett, Bauters, Constantine, Gioia, Groom, Haubert, Hurt, Mitchoff, Ross.
NOES: None.
ABSTAIN: None.
ABSENT: Hannigan, Jue.

3. REVISED DRAFT REGULATION 13: CLIMATE POLLUTANTS, RULE 5: PETROLEUM REFINERY HYDROGEN PLANTS (RULE 13-5)

Greg Nudd, Deputy Air Pollution Control Officer of Policy, introduced Victor Douglas, Rule Development Manager, who gave the staff presentation *Revised Draft Regulation 13: Climate Pollutants, Rule 5: Petroleum Refinery Hydrogen Plants (Rule 13-5)*, including: outcome; outline; requested action; background; rule development milestones; June 2020 revisions to Draft Rule; tentative timeline; and feedback requested/prompt.

Public Comments

Public comments were given by Jed Holtzman, 350 Bay Area; Richard Gray, 350 Bay Area; Woody Hastings, The Climate Center; and Greg Karras, Community Energy reSource.

Committee Comments

The Committee and staff discussed changes to hydrogen plants; whether the Air District is looking at the leaking of methane emissions at hydrogen plants; the fact that some hydrogen plants at refineries are operated not by the refinery, but by a third party operator, and which party would be held accountable for implementation to the proposed amendments to Rule 13-5; the anticipated scale of emissions reductions at hydrogen plants (including methane) based on the proposed amendments to Rule 13-5; the demand for and status of hydrogen production at petroleum refineries; whether Draft Rule 13-5 is meant to precede the curve of new hydrogen investments or address of hydrogen facilities that already exist; how this specific rule development compares with those of other California air districts; the feasibility of creating an incentive for project developers that would expedite shovel-ready projects; how proposed Draft Rule 13-5 would work in conjunction with green hydrogen production; and anticipated challenges of proposed Draft Rule 13-5.

Committee Action

None; receive and file.

4. REFINERY DEFINITION AMENDMENTS

Chris Crowley, Principal Air Quality Specialist, gave the staff presentation *Refinery Rules Amendments*, including: outcome; outline; requested action; background; issue and goals; scope of rule development effort; example of rule amendment; list of rules; things to consider; and rule development schedule.

Public Comments

Public comments were given by Greg Karras, Community Energy reSource; and Jed Holtzman, 350 Bay Area.

Committee Comments

The Committee and staff discussed concerns about whether to change the current definitions of “petroleum” and “renewable” as refineries shift their operations from carbon intensive petroleum refining to renewable fuels production, and whether the names of Air District regulations should be amended, if refinery product terminology changes.

Committee Action

None; receive and file.

5. PUBLIC COMMENT ON NON-AGENDA MATTERS

Public comments were given by Greg Karras, Community Energy reSource; Jed Holtzman, 350 Bay Area; Rosemary Gardiner; and Kathleen Whitney.

6. COMMITTEE MEMBER COMMENTS

None.

7. TIME AND PLACE OF NEXT MEETING

Monday, September 27, 2021, at 9:00 a.m., via webcast pursuant to procedures authorized by Executive Order N-29-20 issued by Governor Gavin Newsom.

8. ADJOURNMENT

The meeting adjourned at 10:03 a.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairpersons John Bauters and Karen Mitchoff,
Members of the Stationary Source and Climate Impacts Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 16, 2021

Re: Draft Amendments to Regulation 2: Permits, Rule 1: General Requirements, and
Regulation 2: Permits, Rule 5: New Source Review of Toxic Air Contaminants

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

In 2018, the Air District committed to evaluating changes to its permitting process in response to concerns from community advocates about permits issued in areas overburdened by air pollution and other environmental and public health stressors. Since that time, staff met internally and with community stakeholders who expressed concern over the Agency's permitting process to develop potential concepts to amend the Air District's permitting regulation, Regulation 2: Permits.

Air District staff held a virtual public workshop on the evening of August 24, 2021, to present and receive public feedback on draft changes to two rules within the Air District's Permitting Regulation—Regulation 2, Rule 1, which states the general permitting requirements (Rule 2-1) and Regulation 2, Rule 5, which states the requirements for New Source Review of Toxic Air Contaminants (Rule 2-5). The August public workshop followed a prior virtual public workshop on May 12, 2021, in which staff presented and received feedback from the public on proposed concepts to amend the Air District's permitting process. The draft rule amendments presented during the August workshop reflect staff's efforts to incorporate public feedback received during and after the May concepts workshop.

DISCUSSION

During the presentation to the Stationary Source and Climate Impacts Committee, staff will update Committee members on the amendments to Rules 2-1 and 2-5 that staff plans to propose for the Board of Directors' consideration for adoption. The proposed amendments to Rules 2-1 and 2-5 include the draft amendments that staff presented during the August 24, 2021, virtual public workshop, in addition to a few new changes, as discussed further below. Staff will also discuss feedback received during the workshop and in subsequent written comments.

Information presented during the August 24th Virtual Public Workshop

1. Rule 2-1—Definition of Overburdened Community: Utilize CalEnviroScreen Version 4.0 to identify areas with relatively high levels of cumulative impacts. Census tracts that score at or above the 70th percentile in CalEnviroScreen Version 4.0 or are located within 1,000 feet of any such census tracts would be categorized as Overburdened Communities.
2. Rule 2-1—Extension on Permit Application Review Timeline: Extend the permit application review period after a permit application is complete from 35 working days to 45 working days to account for the anticipated increased staff time necessary to process more complex applications, notify the public, and review and respond to public comments.
3. Rule 2-1—Enhanced Notification Requirement for Projects Located within Overburdened Communities: Require notification of addresses located within 1,000 feet of a proposed project for which a Health Risk Assessment must be prepared if the proposed project is located in an Overburdened Community.
4. Rule 2-5—New and Revised Exemption Sections for Boiler, Engine, and Turbine Projects:
 - a. Require consideration of emergency operating hours when assessing health risk from emergency standby engines.
 - b. Require a health risk assessment for a project if the combined capacity of engines at a facility exceeds 50 brake horsepower.
 - c. Exempt small gas-fired boilers and similar construction equipment from the requirement to undergo a health risk assessment to verify that they will continue to meet permit exemption criteria.

5. Rule 2-5—New and Revised Definition Sections:
 - a. Expand the definition of a project to include new or modified sources of toxic air contaminants at a facility that have been permitted within the five-year period immediately preceding the date a complete application is received and any project at a facility that is under Authority to Construct.
 - b. Add the term “Essential Public Service” to exempt projects at the following types of facilities:
 - i. A police or fire fighting facility,
 - ii. A hospital or other medical emergency facility, or
 - iii. A building designated as an emergency shelter location.
 - c. Add the term “Acute Receptor” to clarify the applicability of the acute hazard index limit.
6. Rule 2-5—More Stringent Cancer Risk Limit in Overburdened Communities: Make the cancer risk 6 in one million in Overburdened Communities. Retain the existing limit of 10 in one million outside of Overburdened Communities.
7. Rule 2-5—Updates to Risk Assessment Procedures and Health Effects Values: Update the Health Effects Values table in Rule 2-5 with new toxic air contaminants and new health effects values identified by the California Office of Environmental Health Hazard Assessment. Revise the procedures that are used to determine acute trigger levels to be consistent with the significant source thresholds in Air District Rule 11-18, which regulates toxic air contaminant emissions from existing facilities. Update the Air District’s Health Risk Assessment Guidelines to incorporate the most recent health risk assessment procedures when assessing health risk from gas station projects.

Staff also provided information on potentially affected projects based on an analysis of permitting data, including health screening analyses and information on project types.

Additional amendments proposed subsequent to the August 24, 2021 Virtual Public Workshop

1. Rule 2-1—Extension on Permit Application Review Timelines: The proposed amendments make changes to several sections in Rule 2-1 based on staff’s evaluation of permit application review timelines at other California air districts. Staff proposes to extend the timelines for determination of a complete application (Section 2-1-432) by nine days (from 21 days to 30 days) for most applications and by 30 days (from 30 days to 60 days) for applications involving new major facilities, major modifications, and other very large projects. Similarly, staff proposes to extend the time period between when an application is deemed complete and the date the Air District issues a final decision to the permit applicant on whether the permit application will be approved, approved with conditions, or denied (Section 2-1-408). New review time periods would be consistent with review time periods for other air districts: 90 days (up from 49 days, at present), which will apply to most routine permit applications, and 180 days for more complex or non-routine permit

applications, such as projects at Title V or Synthetic Minor Operating Permits. Clarifications and additional time periods in Section 2-1-408 would remove the need for Section 2-1-412.2, which states a time period for the Air District to submit a notice for a permit application that is subject to the public notification for schools requirement (Waters Bill Notification).

2. Rule 2-5—Limited Exemption, Emergency Standby Engines: Staff does not intend to propose a change to Section 2-5-111, which exempts from regulation under Rule 2-5 toxic air contaminant emissions occurring from emergency use of emergency standby engines, initial start-up testing, or emission testing of emergency standby engines required by the Air District. Staff needs additional time to evaluate how to consider toxic air contaminant emissions from emergency use of emergency standby engines. During the August 24th virtual public workshop, staff reiterated a request for members of the public to submit comments on how to consider these emissions and received multiple comments from stakeholders concerning the unpredictable nature of emergency operations.

Proposed rulemaking timeline

Air District staff intends to bring to the Board of Directors for their consideration proposed amendments to Rules 2-1 and 2-5 by the end of the year. Draft amendments that staff identify as longer-term rule making efforts based on public feedback will be developed and proposed for Board consideration at a later date.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jacob Finkle
Reviewed by: Victor Douglas and Elizabeth Yura

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairpersons John Bauters and Karen Mitchoff, and Members
of the Stationary Source and Climate Impacts Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 23, 2021

Re: Revised Draft Regulation 13: Climate Pollutants, Rule 5: Petroleum Refinery
Hydrogen Plants (Rule 13-5)

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Air District staff is currently developing draft Regulation 13: Climate Pollutants, Rule 5, Petroleum Refinery Hydrogen Plants which would limit vented emissions of “total organic compounds” (methane and volatile organic compounds) from hydrogen production, hydrogen carrying systems, and hydrogen end users such as process units at petroleum refineries. The Air District has a policy goal of reducing Bay Area greenhouse gas emissions to 40 percent below 1990 levels by 2030, and 80 percent below 1990 levels by 2050. Methane is a potent and short-lived climate pollutant with a global warming potential 86 times greater than that of carbon dioxide, when compared on a 20-year time horizon. The intent of draft Rule 13-5 is to minimize both methane and other organic compound emissions, normally vented from atmospheric vents at petroleum refinery hydrogen plants during normal operating conditions, startups, shutdowns, malfunctions, upsets, and emergencies.

DISCUSSION

The Air District initially published a preliminary Staff Report in December of 2019 to explain draft Rule 13-5 to members of the public, affected industry, and other interested parties. Draft regulatory language for Rule 13-5 was developed and was made available for review as well. The Air District held a public workshop at its headquarters in San Francisco in January 2020 to present and discuss draft rule language along with a workshop report. In response to comments received at the workshop, in writing, and during subsequent meetings between Air District staff and hydrogen plant operators, draft Rule 13-5 was revised to address voiced concerns and renamed *Petroleum Refinery Hydrogen Plants*.

The Air District sought further comment on the revised version of draft Rule 13-5 and the associated Preliminary Staff Report, published in September 2020. The Air District received comments on the September 2020 draft addressing potential exemptions, definitions, concerns related to the standards, testing, and monitoring requirements, and overall concerns related to the timeline, scope, and procedural elements of the rule development process. The Air District revised draft Rule 13-5 to accommodate reasonable concerns related to definitions (atmospheric vents, control device vents, effective date, existing facilities relative to new ones), testing methods, monitoring, reporting and compliance timelines.

Latest Draft Rule and CEQA Notice of Preparation and Initial Study: Staff published a revised draft Rule 13-5 along with a CEQA Notice of Preparation and Initial Study on June 30, 2021, and hosted a CEQA Scoping Meeting on July 27, 2021, to discuss the Initial Study. Staff received eight comment letters on the revised draft rule and Initial Study from the potentially impacted hydrogen plant operators and refineries, an industry association, community advocates and two State Agencies.

Since the close of the comment period on July 30, 2021, staff met with several industrial stakeholders to discuss their comments and proposals for compliance with the draft Rule. A preliminary analysis conducted in preparation of the draft environmental impact analysis indicated that the use of flares as a means of compliance with the draft rule may result emissions of oxide of nitrogen in exceedance of the Air District's California Environmental Quality Act project threshold level. Further, community representative and advocates and industry representative have express concern over the use of flares due to the potential for emissions of criteria, toxic, and climate pollutants. In light of these potential environmental impacts, staff is engaging the affected industry to evaluate proposed alternative means of compliance that could avoid the installation of flares and may achieve equivalent climate pollutant emission reductions. Based on the estimated time to needed to complete the analysis of alternative means of compliance, staff anticipates bringing this effort to the Board of Directors for their consideration in February 2022.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Victor Douglas
Reviewed by: Elizabeth Yura