



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

AGENDA: 3

Draft Amendments to Rules 9-4 and 9-6

**Stationary Source and Climate Impacts
Committee Meeting**

October 18, 2021

**Jennifer Elwell
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Presentation Outcome



- Update committee and receive feedback on draft rule amendments to Regulation 9, Rules 4 and 6 for NOx emissions from building appliances

Presentation Outline



- Background and Timeline
- Draft Rule Amendments
- Emissions Reductions
- Equity Considerations
- Public Feedback

Presentation Requested Action



- None, receive and file

Background



- Buildings identified as a key source of NO_x emissions in the 2017 Clean Air Plan
 - NO_x emissions from residential natural gas combustion greater than those from passenger vehicles
 - Also, a significant source of secondary PM formation and greenhouse gas emissions
- Regulation 9, Rules 4 and 6 set emission requirements for residential and commercial space and water heating
 - Regulation 9, Rule 7 for larger boilers set to be addressed in a later rulemaking effort

Overview of Existing Rules



- Rule 9-4: Natural Gas Fired Furnaces
 - Residential central fan type furnaces
 - NOx emissions standard of 40 ng/J
- Rule 9-6: Natural Gas Fired Boilers and Water Heaters
 - Natural gas-fired boilers and water heaters under 2 million BTU/hr
 - NOx emissions standard from 10-14 ng/J dependent on size and usage
 - Higher emissions standard for mobile homes (40 ng/J)
- Both rules structured by point of sale – equipment cannot be installed that is manufactured after the compliance date

Rule 9-4 Updates



- Introduce 14 ng/J standard for residential fan type central furnaces applicable on July 1, 2023
- Introduce zero NO_x standard for all residential and commercial natural gas fired furnaces applicable on January 1, 2029 (does not apply to mobile homes)

Rule 9-4 Updates (cont.)



- Remove specification of fan type residential central furnaces
- Addition of definitions, test methods and clarifications throughout rule
- Introduction of Interim Report for Air Pollution Control Officer (APCO) to report on accessibility factors two years prior to implementation of zero NO_x standard to ensure equitable outcomes

Rule 9-6 Updates



- Introduction of zero NO_x standard for boilers
 - Heat input capacity less than 75,000 BTU/hr, applicable on January 1, 2027
 - Heat input capacity of between 75,000 BTU/hr and 2 million BTU/hr, applicable on January 1, 2031
- Clarification of certification section including distinguishing geographical boundaries of the District vs. APCO actions and use of South Coast Air Quality Management District for demonstration of compliance
- Introduction of Interim Report for APCO to report on accessibility factors two years prior to implementation of zero NO_x standard to ensure equitable outcomes

Interim Report

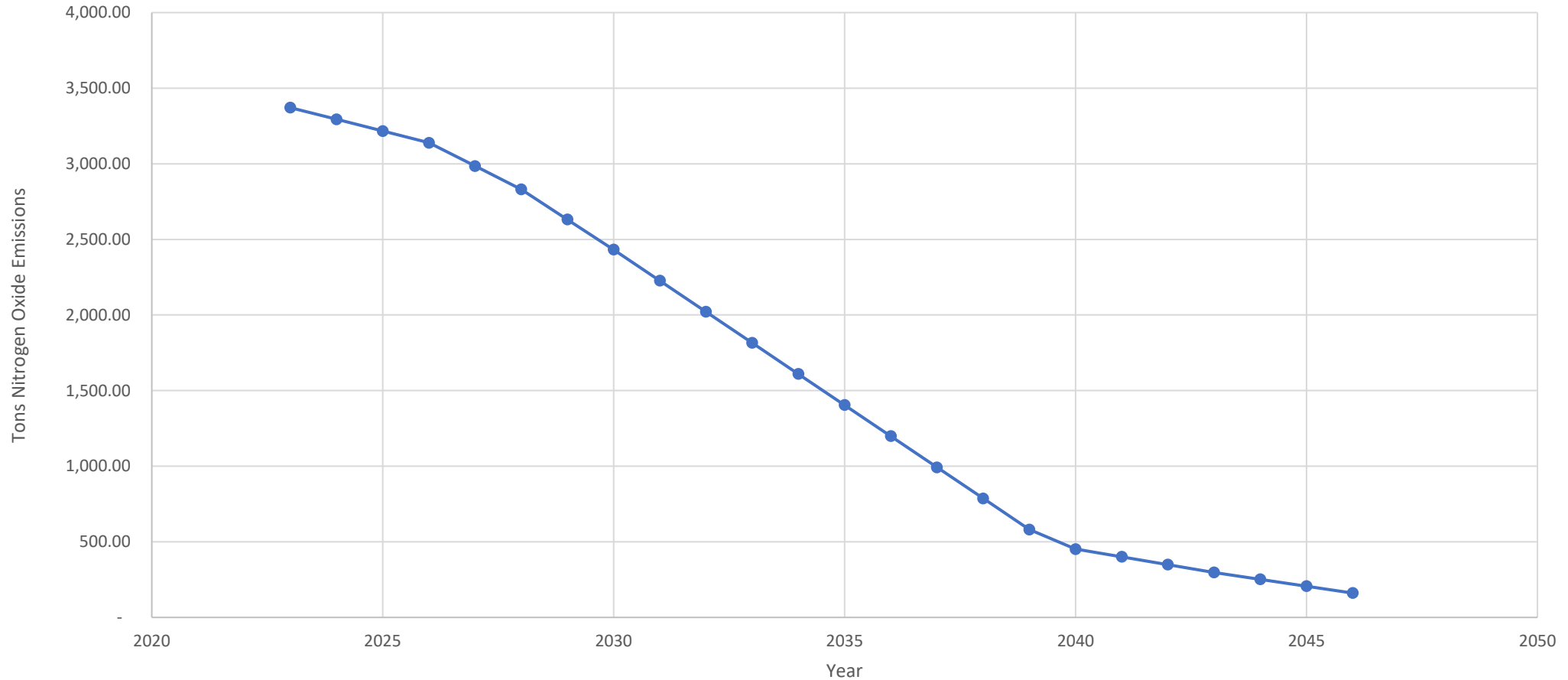


- Introduction of requirement for both rules for interim report to come back to the Board of Directors no later than two years prior to the compliance date
 - Technology options currently (and projected to be) available
 - Market availability of such technology
 - Projected costs of purchase and installation
 - Incentive programs available to reduce costs

Projected Emissions Reductions



Commerical and Residential Space and Water Heating
Projected NOx Emissions (tons/year)



Equity Considerations



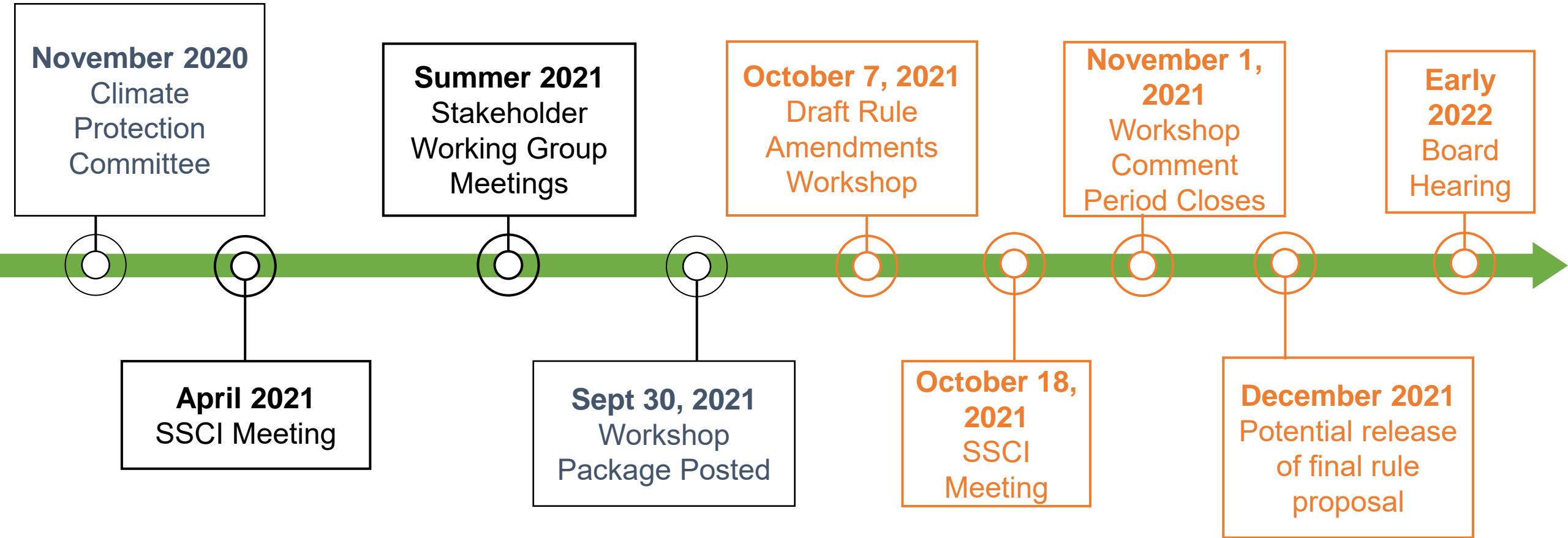
- Access to economic benefits, including robust market availability and affordability
- Ease of installation and coordination with local requirements
- Assurance that policy promotes affordable housing and anti-displacement outcomes
- Access to health and safety benefits, including resiliency during climate events

Public Feedback



- Public Workshop on October 7, 2021

Timeline and Next Steps



Feedback Requested/Prompt



- Initial feedback and questions about draft amendments from Committee members



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AGENDA: 4

Rule Development Process Improvements: Source Prioritization

**Stationary Source and Climate Impacts
Committee Meeting
October 18, 2021**

**Elizabeth Yura
Director, Rules & Strategic Policy Division
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Presentation Outcome



Provide an overview of staff's proposed Source Prioritization Process for source evaluations and rulemaking projects

Presentation Outline



- Background/Problem Statement
- Proposed Solutions
- Prioritization Framework
- Next Steps

Presentation Action Requested



None, informational item.

How Should it Work?



Air District staff should be proposing ***emissions reductions strategies*** to the Board of Directors in a transparent and consistent way that align with the priorities of the Air District Board and Community.

How is it Currently Working?



- Clean Air Plan is developed
 - Technical assessments of sources
 - Multi-year list of potential control measures created
- Staff presents updates to the Stationary Source and Climate Impacts Committee on rulemaking efforts when rulemaking milestones occur
- Staff presents rules to the Board of Directors for their consideration/approval

What is the Result?



- Perceived lack of transparency around priorities
 - Who/what decides what rules come before the Board?
 - Why were resources shifted?
- Long intervals between updates to the public/Board
 - Long term projected dates constantly shifting/missed due to technical challenges, changes in staffing/priorities
 - Lack of visibility on project = Disappointment in the apparent “lack of progress” in rulemaking

Proposed Solutions



Change framing from “rules” to “emissions reduction strategies”

Rules team does more than rules!

- Work includes source evaluations – research/technical evaluation of sources (“white paper” process)
 - Front loads the technical analysis
 - Once rulemaking is initiated, goes quicker
- Present white paper findings to board, discuss recommended path forward
 - Recommendations: new rule, rule amendments, targeted incentives, policy development, new enforcement strategies, partnership agreements, etc.
 - Rules aren’t only solution

Proposed Solutions (cont.)



Focus on short term milestones

- Shorter timelines for white papers (3-6 months)
- When white papers come to Board, outline next steps
 - Research project? Incentive program? Initiate rulemaking?
- If conclusion is initiate rulemaking, outline timing for next *few steps*
 - Workshop, stakeholder meetings, committee meetings
 - No multi-year timelines – too uncertain, sets false expectations of certainty

Proposed Solutions (cont.)



Develop a framework to prioritize projects that is supported by the Board and Community

- Long list of sources/rules to address – need to increase trust with transparency
- Previously relied on Clean Air Plan to provide priorities
 - Need a nimbler more frequent process (annual) that can incorporate community priorities (e.g., CERP strategies)
- Consistency in selecting priorities means certainty for staff and increased efficiency

What is the Prioritization Framework?



- The framework by which we will prioritize projects (i.e., source evaluations and rulemaking)
- First step: staff established a list of factors (“prioritization factors”) that will guide the prioritization
- Born out of the multi-divisional work being done to prioritize actions for the Richmond-North Richmond-San Pablo CERP

Proposed Prioritization Factors



Mandate/Commitment

- Legal/prior commitments

Environmental/Health Impact

- Magnitude of emissions, relative potency of pollutant (e.g., GWP, toxicity), and/or exposure potential

Authority/Purview

- Air District's statutory authority or purview to regulate/reduce emissions

Control/Reduction Potential

- Availability and feasibility of controls, and/or achieved and demonstrated performance levels

Other Feasibility Considerations/Impacts

- Economic, socioeconomic, other environmental, and equity impacts

What Prioritization Factors are Key?



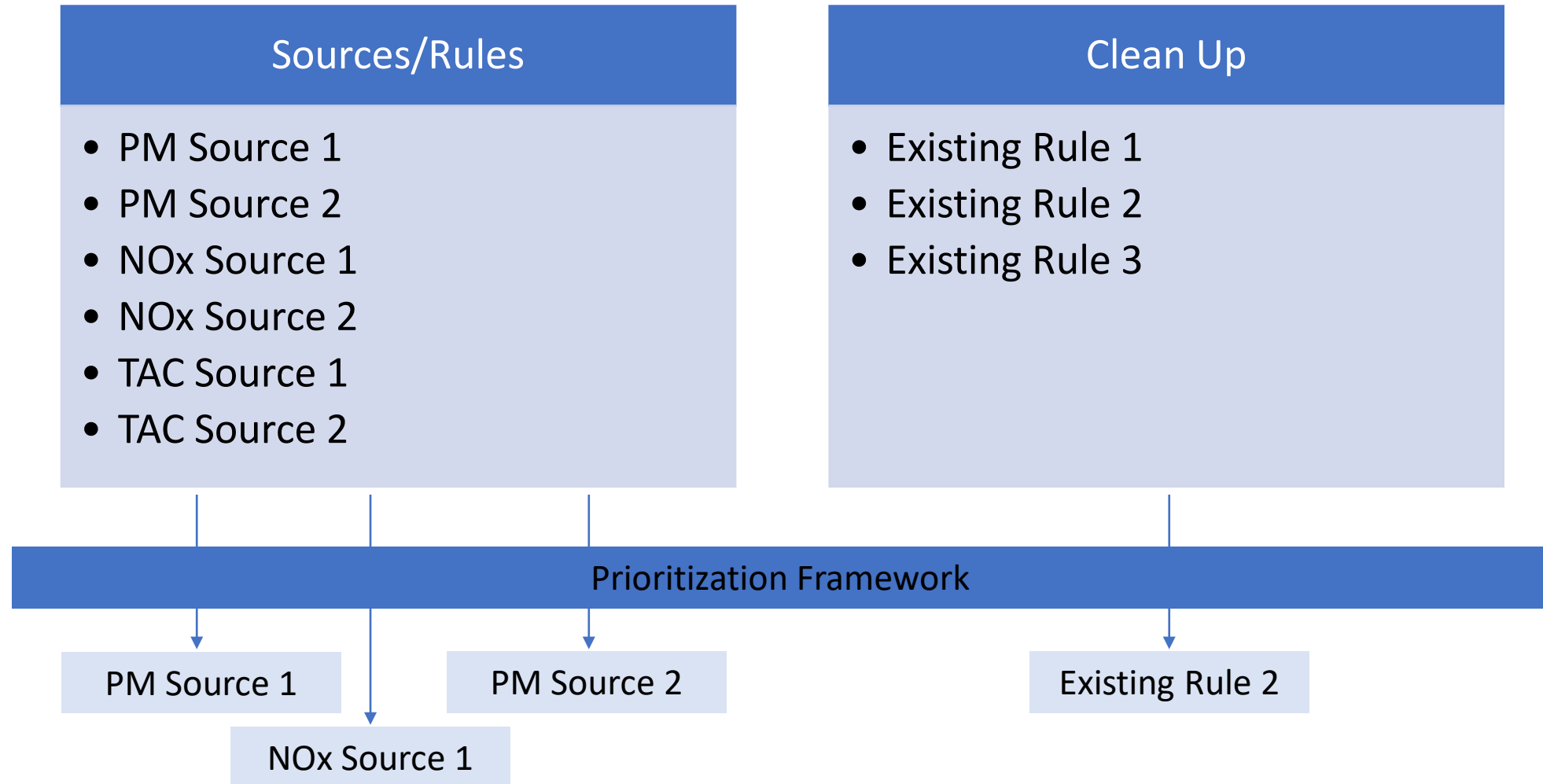
- Mandated commitments: AB 617 BARCT Schedule
 - AB 617 BARCT schedule deadline of December 31, 2023
 - Staff proposal: re-evaluated need, present findings to Board
- Lead with Health
 - Focus on the most impacted communities
 - Prioritize rules/projects that will bring the most health benefits to impacted communities
 - Regional sources (e.g., woodsmoke)
 - Localized sources (e.g., construction impacts, autobody shops)
 - Sources identified in CERPs

What Needs Prioritization?



- AB617 BARCT Schedule Rules
- Sources from the West Oakland Action Plan
- Other commitments (e.g., PM in New Source Review)
- Clean-up Efforts
 - Outdated procedures/methods, clarity needed for enforceability, close compliance loopholes, etc.
 - Staff recommends always including at least one “clean-up” project in annual schedule
 - Will ensure effectiveness of current rules and make process more efficient for the teams enforcing and monitoring compliance

Example Prioritization Exercise



Proposed Annual Prioritization Process



- Summer: Using framework, rules team prioritizes sources for evaluation and rules for amendment
 - Includes estimates of resources needed to complete projects
- Fall: Meet internally to discuss prioritization results, timing, and resource needs
 - Consult with Board officers
- Winter: Finalize list of priorities for the coming year
 - Include \$ or FTE asks in the budget
- January retreat: Present the year's priorities
- SSCI Committee meetings: Give updates on progress

Next Steps



- October: Stationary Source and Climate Impacts Committee feedback
- November: Community Equity Health and Justice Committee feedback
- November/December: Test the framework, compile list of priorities, assess resources needed
- January: Present priorities to the Board of Directors

Feedback Requested/Prompt



- Staff is requesting feedback on Key Prioritization Criteria and the proposed Prioritization Process