Overview of Proposed Updates to District’s Best Available Control Technology Policy

Permit Stakeholders Meeting
October 28, 2020
Existing BACT Policy

• Originally adopted upon District formation in 1992
• Revised in 1999 to enhance procedures for greater public participation if significant changes to BACT guidelines
• Last revised in 2008
  – Increased cost effectiveness thresholds to the highest level in place in other California air districts
  – Modified emission reduction calculation related to cost effectiveness
  – Changes only affected cost effectiveness calculations for technologically feasible control options
  – Did not affect requirements for achieved in practice BACT (does not rely on cost effectiveness calculations)
## Existing BACT Policy
**Cost Effectiveness Thresholds**

<table>
<thead>
<tr>
<th>NOx</th>
<th>CO</th>
<th>VOC</th>
<th>SOx</th>
<th>PM10</th>
</tr>
</thead>
<tbody>
<tr>
<td>$24,500/ton</td>
<td>$300/ton</td>
<td>$17,500/ton</td>
<td>$18,300/ton</td>
<td>$11,400/ton</td>
</tr>
</tbody>
</table>
Proposed Updates

• Effective January 2021, update cost effectiveness thresholds
  – Over a decade since thresholds last updated
  – Considering consumer price index (CPI) adjustment to thresholds using 2008 as base year
  – Considering increase to VOC threshold
    • District is extreme non-attainment for ozone
    • Other areas of California with lessor air quality challenges have higher cost effectiveness thresholds for VOC
  • Propose to increase VOC threshold to be equal to NOx threshold
  – Considering future annual CPI adjustments to thresholds
• Effective January 2021, update interest rate assumption used in cost effectiveness calculations
  – Current 10% interest rate assumption is not consistent with current actual interest rates and is higher than many other air districts
  – Considering pegging to US treasury 10 year security rate
    • 3-year rolling average
    • Add 2% to account for incremental risk
    • Using this method, interest rate assumption would be ~ 5%
  – Considering future annual adjustment
Proposed Updates (cont’d)

• Enhance system for updates to BACT guidelines
  – Consistent with “clean emission units” criteria in Rule 2201, prefer to have BACT guidelines no more than 5 years old
  – Some current BACT guidelines are more than 10 years old
  – Need to enhance system to ensure regular updates to BACT guidelines
Next Steps

• Public workshop to discuss proposed updates to BACT policy
  – Tentative date – Thurs Dec 3, 2020 @ 10:30 am
• Proposed updates to be posted before workshop
BACT Policy Updates contact

Contact: Leonard Scandura
Mail: San Joaquin Valley APCD
      34946 Flyover Ct
      Bakersfield, CA 93308
Phone: (661) 392-5601
Email: leonard.scandura@valleyair.org
Listserv: lists.valleyair.org/mailman/listinfo/permiting_regulations