Public Workshop

Proposed Updates to District’s Best Available Control Technology Policy

December 3, 2020
Best Available Control Technology

• District Rule 2201 (New and Modified Stationary Source Review Rule) requires BACT for new and modified equipment or operations with emission increases over two pounds per day.

• BACT is the most stringent emission limitation or control technique that is any of the following:
  – Achieved in practice for such category or class of source
  – Contained in any State Implementation Plan approved by the EPA for such category or class of source
  – Contained in an applicable federal New Source Performance Standard
  – Any other emission limitation or control found by the District to be cost effective and technologically feasible for such category or class of sources or for a specific source.
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)
Proposed Updates to Cost Effectiveness Thresholds

• Adjustment to 2008 cost effectiveness thresholds
  – Consumer price index (CPI) adjustment using 2008 as base year
• Additional increase to VOC threshold
  – District is extreme non-attainment for ozone (VOC is ozone precursor)
  – Establish parity with other air districts
  – Increase VOC threshold to be equal to NOx threshold
• Considering future annual CPI adjustments to cost effectiveness thresholds
• Effective January 2021
### Proposed BACT Policy
Cost Effectiveness Thresholds
Effective January 2021

<table>
<thead>
<tr>
<th>NOx</th>
<th>CO</th>
<th>VOC</th>
<th>SOx</th>
<th>PM10/PM2.5</th>
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<tr>
<td>$31,200/ton</td>
<td>$400/ton</td>
<td>$31,200/ton</td>
<td>$23,200/ton</td>
<td>$14,500/ton</td>
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Proposed Updates to Interest Rate Assumption

• Interest rate assumption is used in cost effectiveness calculations for technologically feasible BACT determinations
  – Adjust current 10% interest rate assumption to be more reflective of actual interest rate environment

• Peg interest rate to US treasury 10 year security rate
  – 3-year rolling average
  – Add 2% to account for incremental risk
  – Using this method, updated interest rate assumption will likely be approximately 4-5% in 2021

• Considering future annual adjustments
• Effective January 2021
Other Potential Update

• Considering removal or modification of small emitter provision
• Impacts consideration of technologically feasible BACT at small emitter facilities
  – When first established in the early 1990s, technologically feasible BACT was not cost effective at small emitters
  – With ongoing evolution of control techniques, District believes it may be appropriate to remove or modify provision
• Would not affect requirements for achieved in practice BACT
Next Steps

- Public Workshop: December 3rd
- Public Comment Period
- Comment Period Ends: December 17th
- Finalize and Implement BACT Policy Changes: January 2021
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Comments/Questions

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Please “raise your hand”
for comments and questions.

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(Please state your name and affiliation)