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

- Last revised in 2008
- Provides guidance on how to implement BACT requirements of Rule 2201
- Defines procedures on how to determine if technologically feasible controls are cost effective
- Specifies cost effectiveness thresholds
- Specifies interest rate and project life used to annualize capital costs
- Specifies how to calculate emission reductions from use of technologically feasible controls
- Includes special streamlining provisions for “small emitters”
Public Process for Changes to Policy

• Discussed at October 2020 Permit Stakeholder meeting

• Public Workshop December 2020

• Discussed at January 2021 Permit Stakeholder meeting

• Addressed stakeholders questions/comments January - April 2021
Summary of comments

• Cost effectiveness threshold adjustment
  – Limit changes to NOx/CO/VOC to 27% (CPI increase 2008-2020)
  – No increases to SOx/PM10 thresholds
  – Consider increasing thresholds based on index other than CPI
  – Want opportunity to provide input on future adjustments to thresholds

• Interest rate adjustment
  – Interest rate should be no lower than 5%
  – Want opportunity to provide input on future adjustments to interest rate

• Removal of small emitter provision
  – Technologically feasible controls may not be economically feasible for small emitters
Final Updates to BACT Policy

- Adjust cost effectiveness thresholds, with annual adjustment
- Revise interest rate use in cost effectiveness calculations, with annual adjustments
- Present annual updates at Permit Stakeholders meeting prior to taking effect
- Remove small emitter provision
- Effective for ATC applications deemed complete on/after June 1, 2021
Updated Cost Effectiveness Thresholds

• Adjust cost effectiveness thresholds for NOx, CO, and VOC by California CPI and annually thereafter
• In response to comments:
  – No additional increase to VOC threshold
  – No change to SOx/PM10 thresholds
• Annual updates to cost effectiveness thresholds to be presented at Permit Stakeholders meeting prior to taking effect
• Updated cost effectiveness thresholds ($/ton):

<table>
<thead>
<tr>
<th></th>
<th>NOx</th>
<th>CO</th>
<th>VOC</th>
<th>SOx</th>
<th>PM10/PM2.5</th>
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<tr>
<td>2021 update</td>
<td>31,600</td>
<td>400</td>
<td>22,600</td>
<td>18,300</td>
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<td>2008 existing</td>
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<td>300</td>
<td>17,500</td>
<td>18,300</td>
<td>11,400</td>
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Updated Interest Rate

• Interest rate used in cost effectiveness calculations for technologically feasible BACT determinations
• Current interest rate is 10%
• Adjusted interest rate determination methodology
  – 3-year rolling average of US 10 year security rate
  – Add 2% to account for incremental risk
  – Round up to nearest whole percent
• Results in interest rate of 4% for 2021
  – Consistent with rate used by many other agencies
• Annual updates to interest rate to be presented at Permit Stakeholders meeting prior to taking effect
Removed Small Emitter Provision

• Small emitter provision has been removed from policy
• Not the same as “small producer” provisions contained in various District rules
• District Rule 2201 requires the consideration of technologically feasible BACT for all new and modified emissions units triggering BACT
• Provision in the policy was a streamlining measure for ATC applications for “small emitters” as technologically feasible BACT controls were not historically cost-effective and therefore could not be required under state law
• Given the current state of emissions control technologies, it is now appropriate to conduct a project specific cost-effectiveness analysis to ensure ongoing consistency with Rule 2201 BACT requirements
• No change to underlying BACT requirements of Rule 2201
# BACT Policy Contact

<table>
<thead>
<tr>
<th><strong>Contact:</strong></th>
<th>Leonard Scandura</th>
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</thead>
<tbody>
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