

REVIEW AND APPROVE NEW EMISSION REDUCTION CREDIT PROGRAM PUBLIC ADVISORY WORKGROUP

San Joaquin Valley Air Pollution Control District
Governing Board Meeting
August 20, 2020

CARB Review of ERC Program

- At January 2019 board meeting, CARB Board directed their staff to review the District's ERC program
 - Response to request from environmental advocacy organizations
 - CARB review focused on District's ERC program, including equivalency demonstration, relative to overarching federal, state, and local regulations
- District worked with CARB staff to:
 - Communicate concerns and expectations, including that the review be conducted objectively and in context of state, federal, and District regulations
 - Aid in the understanding of the District's ERC system and permitting program
 - Provide all requested information
- CARB final report released June 5, 2020
- CARB Board hearing held June 26, 2020
 - Approved their staff's recommendations including commitment to support the District's local process moving forward

District Air Quality Efforts

- Long history of developing and implementing air quality strategies, with numerous plans achieving significant emissions reductions
 - Adopted nearly 650 of the most stringent rules in the nation for stationary sources under District jurisdiction
 - Innovative clean air incentive programs accelerating deployment of cleanest technologies (\$3 billion public/private investment)
- Stationary source NO_x emissions (primary precursor for both ozone and PM_{2.5}) have been reduced by over 90%
- District also implements a permitting program designed under state law to ensure on a regional basis there is no net increase in emissions for new or modified sources

District's New Source Review Permitting Process

- Offsetting emission increases with ERCs only one component of District's stringent and rigorous permitting program for new/modifying equipment
- Other components include:
 - All new or modifying permitted sources must be equipped with the best available air pollution control technology (BACT)
 - Prohibition on new/modifying equipment that would generate a significant health risk to the surrounding population
 - Public notification with an opportunity to comment prior to permit issuance for significant projects
- Only after these actions, ERCs enter into the permitting process and require provide further mitigation of emissions increases

District Offset Equivalency Program

- As allowed by the federal Clean Air Act, District's ERC program differs from a direct implementation of the federal offsetting requirements
- EPA and ARB initially approved the District's approach in 2001
- District performs an annual demonstration that the District's ERC program is at least as stringent as federal offsetting requirements
 - Submitted to EPA, CARB, and presented to Governing Board at public hearing
- Should annual equivalency fail to be demonstrated, Rule 2201 requires implementing federal "surplus at time of use" offset requirements immediately

Public Advisory Working Group

- CARB's review points to the need to revisit and enhance the ERC program moving forward
- District committed to convening a public advisory working group to assist in developing solutions related to the District's offset equivalency system
 - Framework was developed with Valley community-based organizations and regulated Valley businesses to support the development of the 2016 Ozone and the 2018 PM2.5 plans
 - Ensure that any changes to the program benefit fully from the input and suggestions of Valley stakeholders

Guiding Principles

1. Work collaboratively to assist the District in developing enhancements related to the District's offset equivalency system moving forward in a manner that ensures an effective permitting program that protects public health and supports economic growth and development in the Valley
2. Provide for meaningful public engagement in support of enhancements to the District's offset equivalency system
3. Ensure process does not impede the District's ability to meet legally mandated deadlines and timeliness

Proposed Working Group Structure

- Working group formed by Executive Director/APCO with representatives from the following:
 - Community-based organizations (3)
 - Regulated entities (3)
 - Citizens Advisory Committee members (3 total - one each from Environmental, Industry/Agriculture, and City interest groups)
 - Federal EPA & CARB
- In making appointments, APCO will consider:
 - Experience in Valley air quality related issues
 - Representation from different geographic areas across the Valley
 - Representation across different industry sectors
- District staff will facilitate/chair the meetings
- Meetings open to the public to allow for robust public engagement

Next Steps

- If approved by your Board, staff will immediately work with stakeholders to solicit interest and appoint members to the Public Advisory Workgroup by September 4, 2020
 - Staff will then convene the workgroup for a kick-off meeting in the weeks following based on members availability
- Continue implementation of commitments associated with 2020 demonstration report
- Staff will provide regular progress reports to the Board