

# BACT Policy Updates

April 28, 2021

# 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 NO<sub>x</sub>/CO/VOC to 27% (CPI increase 2008-2020)
  - No increases to SO<sub>x</sub>/PM<sub>10</sub> 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):

|               | NOx    | CO  | VOC    | SOx    | PM10/PM2.5 |
|---------------|--------|-----|--------|--------|------------|
| 2021 update   | 31,600 | 400 | 22,600 | 18,300 | 11,400     |
| 2008 existing | 24,500 | 300 | 17,500 | 18,300 | 11,400     |

# 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

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