

EL DORADO COUNTY AIR QUALITY MANAGEMENT DISTRICT

RULE 523 - NEW SOURCE REVIEW

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RULE 523

NEW SOURCE REVIEW

523.1 GENERAL

- A. **PURPOSE:** The purpose of this rule is to provide for the review of new and modified stationary air pollution sources and to provide mechanisms, including emission offsets, by which authorities to construct for such sources may be granted without interfering with the attainment or maintenance of ambient air quality standards.
- B. **APPLICABILITY:** This rule shall apply to all new stationary sources and emissions units and all modifications to existing stationary sources and emissions units which, after construction, emit or may emit any affected pollutants or regulated pollutants to which Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM, applies. This rule shall not apply to prescribed burning of forest, agriculture or range land; open burning in accordance with District Regulation III, OPEN BURNING; road construction or any non-point source common to timber harvesting or agricultural practices. Exemptions allowed in this Section shall not be used to exempt any stationary source or modification, which would be subject to review under U.S. Environmental Protection Agency (EPA) regulations or review pursuant to Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM, from permit requirements. The regulations in effect at the time any application for an Authority to Construct is deemed complete shall apply.
- C. **EXEMPTION, EMERGENCY STANDBY ENGINE:** Except as otherwise required for sources subject to the requirements of Title V of the Federal Clean Air Act as amended in 1990 (42 U.S.C. Section 7401 et seq.), and pursuant to Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM, the Air Pollution Control Officer shall exempt an emergency standby engine from the requirements of Sections 523.3 B., and 523.3 C., if the emergency standby engine is not a major source or major modification, provided the requirements of Sections 523.1 C. 1., and 523.1 C. 2., are met. This exemption shall not apply to emergency standby engines supplying power to a serving utility for distribution on the electric transmission grid nor the operation of standby power sources due to a voluntary reduction in power by the serving utility.
1. Operation for maintenance purposes of an emergency standby engine shall be limited to 50 hours per year, and such maintenance shall be scheduled in cooperation with the District so as to have no adverse air quality impact or shall mitigate by emission offsets or onsite reductions so that there is no net increase in emissions; and
 2. Operation shall not exceed 24 hours of continuous use without prior authorization by the Air Pollution Control Officer.
- D. **EXEMPTION, NOTIFICATION REQUIREMENTS:** Except as otherwise required for sources subject to the requirements of Title V of the Federal Clean Air

Act as amended in 1990 (42 U.S.C. Section 7401 et seq.) and pursuant to Rule 522 Title V - FEDERAL OPERATING PERMIT PROGRAM, the requirements of Sections 523.4 C., 523.4 D., 523.4 E., and 523.4 F.2. (relating to notification, publication, and public inspection of Preliminary Decisions; and notification, publication, and public inspection of final action) shall not apply if the application is for a new or modified stationary source or emissions unit which does not trigger a requirement for offsets as calculated pursuant to Sections 523.4 M., 523.4 N. or 523.4 O.

- E. **EXEMPTION, RELOCATED EQUIPMENT:** The requirements of Sections 523.3 B. and 523.3 C. shall not apply to relocation of emission units solely within the District and within the air basin of which the District is part, and the relocation does not result in an increase in emissions. This exemption is subject to the performance of an air quality analysis pursuant to Section 523.3 F.
- F. **EXEMPTION, REPLACEMENT EQUIPMENT:** The requirements of Sections 523.3 B. and 523.3 C., shall not apply to replacement equipment, providing the replacement does not result in any emissions increase.
- G. **EXEMPTION, TEMPORARY SOURCES:** The requirements of Sections 523.3 B. and 523.3 C., shall not apply to temporary stationary emission sources, emission units, and portable equipment which will be operated on a temporary basis. This exemption is subject to the performance of an air quality analysis pursuant to Section 523.3 F.
- H. **EXEMPTION, RULE COMPLIANCE:** The requirements of Sections 523.3 B. and 523.3 C., shall not apply to modifications necessary to comply with standards contained in Regulation II, PROHIBITIONS. This Section shall not apply to modifications in production rate, hours of operation, or other changes or additions to existing equipment not necessary for compliance with standards contained in Regulation II, PROHIBITIONS.

Notwithstanding the above paragraph, if a modification for compliance with standards that are set forth in District Regulation II, PROHIBITIONS, is a significant modification as defined in regulations promulgated by the U.S. EPA pursuant to title I of the federal Clean Air Act (42 USC section 7401 et seq.), including but not limited to 40 CFR Parts 51 and 52, the source shall offset the emission increase resulting from the modification in accordance with Sections 523.3 B. and 523.3 C.

523.2 DEFINITIONS: Unless otherwise defined below, the terms used in this rule are defined in Rule 524, EMISSIONS REDUCTION CREDITS; and Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM.

- A. **ACTUAL EMISSIONS** - Measured or estimated emissions which most accurately represent the emissions from an emissions unit. Fugitive emissions associated with the emissions unit shall be included in the actual emissions of the emissions unit.
- B. **ACTUAL EMISSIONS REDUCTIONS** - Reductions of actual emissions from an emissions unit selected for on-site (internal) or off-site (external) emissions offsets. Actual emission reductions shall be calculated, adjusted and certified pursuant to Rule 524, EMISSION REDUCTION CREDITS, or to applicable federal requirements.
- C. **ACTUAL INTERRUPTIONS OF ELECTRICAL POWER** - When electrical service is interrupted by an unforeseeable event.
- D. **ACTUAL OPERATING DAYS** - Any day of operation which results in the emission

of an affected pollutant from the emissions unit.

- E. **AFFECTED POLLUTANTS** - Reactive organic compounds (ROC), nitrogen oxides (NO_x), sulfur oxides (SO_x), PM₁₀, carbon monoxide (CO), lead, vinyl chloride, sulfuric acid mist, hydrogen sulfide, total reduced sulfur, and reduced sulfur compounds, or any other pollutant or precursor for which an ambient air quality standard has been established by the U.S. Environmental Protection Agency or the California Air Resources Board.

- F. **AMBIENT AIR QUALITY STANDARDS** - State and federal ambient air quality standards for the purpose of submittal to the U.S. Environmental Protection Agency for inclusion in the California State Implementation Plan. All references in this rule to Ambient Air Quality Standards shall be interpreted as National Ambient Air Quality Standards.

G. BEST AVAILABLE CONTROL TECHNOLOGY (BACT) -

1. For any emissions unit the most stringent of:
 - a. The most effective emission control device, emission limit, or technique, singly or in combination, which has been required or used for the type of equipment comprising such an emissions unit unless the applicant demonstrates to the satisfaction of the Air Pollution Control Officer that such limitations required on other sources have not been demonstrated to be achievable.
 - b. Any alternative basic equipment, fuel, process, emission control device or technique, singly or in combination, determined to be technologically feasible and cost-effective by the Air Pollution Control Officer.
 - c. For replacement equipment only, the emission limitation that is based on the maximum degree of reduction achievable, taking into account environmental, energy, and economic impacts by each class or category of source.
2. In making a BACT determination for nonattainment pollutant the Air Pollution Control Officer may consider the overall effect on other nonattainment pollutants. In some cases the lowest emission rates may be required for one or more nonattainment pollutants at the cost of not achieving the lowest emission rate for other nonattainment pollutants. The Air Pollution Control Officer shall discuss these considerations in the Preliminary Decision prepared pursuant to Section 523.4 C.
3. Under no circumstances shall BACT be determined to be less stringent than the emission control required by an applicable provision of district, state or federal laws or regulations unless the applicant demonstrates to the satisfaction of the Air Pollution Control Officer that such limitations are not achievable.

H. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) - The California Environmental Quality Act, Public Resources Code, Section 21000, et seq.

I. CARGO CARRIERS - Cargo carriers are trains dedicated to a specific source.

J. COMMENCE - As applied to construction, means that the owner or operator has all necessary permits or approvals required under State and Federal air quality control laws, District Rules and Regulations, and those air quality control laws and regulations which are part of the California State Implementation Plan, and has:

1. Begun, or caused to begin, a continuous program of on-site construction of the source, to be completed in a reasonable time, or;
2. Entered into binding agreements or contractual obligations which cannot be cancelled or modified without substantial loss to the owner or operator, to undertake a program of actual construction of the source to be completed

within a reasonable time.

- K. **COMPLETE APPLICATION** - Completeness of an application for an authority to construct a new or modified emission unit shall be evaluated on the basis of a list of required information which has been adopted by the District pursuant to Article 3, Sections 65940 through 65944 of Chapter 4.5 of Division 1 of Title 7 of the California Government Code as they exist on the date on which the application is received and on payment of the appropriate fee pursuant to Regulation VI, FEES and Rule 522 Section 522.7 SUPPLEMENTAL ANNUAL FEE.

- L. **CONSTRUCTION** - Means any physical change or change in the method of operation (including fabrication, erection, installation, demolition, or modification of an emissions unit) which would result in a change in actual emissions.

- M. **CONTIGUOUS PROPERTY** - Two or more parcels of land with a common boundary or separated solely by a public roadway or other public right-of-way.
- N. **COST-EFFECTIVE** - A cost per unit of emissions reduction which is lower than or equivalent to the maximum unit costs of the same emission reduction through the use of Best Available Control Technology, calculated in current year dollars, in accordance with methodology and criteria specified in guidelines developed by the District.
- O. **ELECTRICAL POWER PLANT** - An electrical generation facility that regularly generates electricity so the local electric utility can provide its daily energy requirements. Emergency power generating equipment are not considered electrical power plants.
- P. **EMERGENCY STANDBY ENGINE** - A stationary engine that meets the criteria specified below:
1. is installed for the primary purpose of providing electrical power or mechanical work during an emergency use and is not the source of primary power at the facility; and
 2. is operated to provide electrical power or mechanical work during an emergency use; and
 3. is operated under limited circumstances for maintenance and testing, emissions testing or initial start-up testing.
- Q. **EMERGENCY USE** – The providing of electrical power or mechanical work during any of the following events and subject to the following conditions:
1. the failure or loss of all or part of normal electrical power service or normal natural gas supply to the facility:
 - a. which is caused by any reason other than the enforcement of a contractual obligation the owner or operator has with a third party or any other party; and
 - b. which is demonstrated by the owner or operator to the Air Pollution Control Officer's satisfaction to have been beyond the reasonable control of the owner or operator;
 2. the failure of a facility's internal power distribution system:
 - a. which is caused by any reason other than the enforcement of a contractual obligation the owner or operator has with a third party or any other party; and
 - b. which is demonstrated by the owner or operator to the Air Pollution Control Officer's satisfaction to have been beyond the reasonable control of the owner or operator;

3. the pumping of water or sewage to prevent or mitigate a flood or sewage overflow;
4. the pumping of water for fire suppression or protection;
5. the powering of ALSF-1 and ALSF-2 airport runway lights under category II or III weather conditions;
6. the pumping of water to maintain pressure in the water distribution system for the following reasons:
 - a. a pipe break that substantially reduces water pressure; or
 - b. high demand on the water supply system due to high use of water for fire suppression; or
 - c. the breakdown of electric-powered pumping equipment at sewage treatment facilities or water delivery facilities.

- R. **EMISSION DECREASE** - Any modification which would result in an emission decrease of actual emissions. The emission decrease shall be calculated by subtracting the proposed emissions from the historic actual emissions.
- S. **EMISSIONS LIMITATION** - One or a combination of permit conditions specific to an emissions unit which restricts its maximum emissions, at or below the emissions associated with the maximum design capacity. An emissions limitation shall be:
1. Contained in the latest authority to construct and contained in or enforceable by the latest permit to operate for the emission unit, and;
 2. Enforceable on a daily basis or quarterly basis pursuant to Section 523.4 G.2., and;
 3. Established pursuant to a permitting action occurring after December 31, 1976.

Emission limitations should be stated in a manner consistent with testing procedures. Emission limitations may be expressed as enforceable design, operational, or equipment standard pursuant to Section 523.4 G.3.

- T. **EMISSIONS UNIT** - An identifiable operation or piece of process equipment such as an article, machine, or other contrivance which controls, emits, may emit, or results in the emissions of any affected air pollutant, regulated air pollutant or Hazardous Air Pollutant (HAP), directly or as fugitive emissions. An emissions unit shall not include the open burning of agricultural biomass.
- U. **FUGITIVE EMISSIONS** - Those emissions which could not reasonably pass through a stack, chimney, vent, or other functionally equivalent opening. Fugitive hazardous air pollutant emissions shall be considered when determining whether a source is a major stationary source pursuant to Title V of the Federal Clean Air Act as amended in 1990 and Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM. The fugitive emissions of a source shall not be considered in determining whether it is a major stationary source pursuant to Title V, unless the source belongs to one of the following categories of stationary sources listed in 40 CFR 70.2, "Definitions", "Major Source" (2).
- V. **HAZARDOUS AIR POLLUTANT (HAP)** - Any air pollutant listed pursuant to Section 112(b) of the Federal Clean Air Act as amended in 1990 (42 U.S.C. Section 7401 et seq.).
- W. **HISTORIC ACTUAL EMISSIONS** -
1. For applications for emissions reductions deemed complete after **April 26, 1994**, "historic actual emissions" are the actual emissions for the existing emissions unit averaged over the consecutive two year period immediately preceding the date of application for emission reduction credits. If the last two years are unrepresentative of normal source operations as determined by the

Air Pollution Control Officer, then any two consecutive years of the last five years that represent normal source operation may be used.

2. For applications for emissions reductions deemed complete prior to **April 26, 1994**, "historic actual emissions" are either as calculated in Subsection 523.2 V.1., above, or, at the option of the applicant and with the approval of the Air Pollution Control Officer, are the actual emissions for the existing emissions unit averaged over the three year period immediately preceding the date of application for emission reduction credits.
3. If, at any time during the two or three year period, actual emissions exceeded allowed or permitted emission levels, then actual emissions shall be reduced to reflect emission levels that would have occurred if the unit were in compliance with all applicable limitations and rules.

4. Where an emissions unit has been in operation for less than two years, a shorter averaging period of at least one year may be used, provided that the averaging period is representative of the full operational history of the emissions unit. If less than one year has passed since the date of issuance of the permit to operate then the historic actual emissions shall be zero.
- X. **HISTORIC POTENTIAL EMISSIONS** - Emissions based on the potential to emit of the emissions unit prior to modification. In determining the potential to emit, daily emissions limitations shall be treated as part of an emissions unit's design only if the limitations are representative of normal operations, or if the facility has provided offsets from previous permitting actions. If there are no enforceable limiting conditions, an emissions unit's potential to emit shall be limited to the unit's, historical actual emissions. For a new emissions unit historic potential emissions are equal to zero. For the purposes of the above determination, "normal operations" is defined as the usual or typical daily operating of an emissions unit resulting in actual emissions which are at least 80% of the specific limits contained in the emission unit's authority to construct or permit to operate.
- Y. **LAKE TAHOE AIR BASIN** - Established pursuant to Section 39606 of the Health & Safety Code of the State of California and as described in Title 17, California Code of Regulations, Section 60113 (a) or 40 CFR 81.275.
- This Air Basin is delineated on an official map on file at the California Air Resources Board Headquarters Office.
- Z. **MAJOR STATIONARY SOURCE** - A stationary source which emits or has the potential to emit: 25 tons per year (tpy) or more of nitrogen oxides, 25 tons per year or more of reactive organic compounds, 100 tons per year or more of carbon monoxide, 100 tons per year or more of PM10, 100 tons per year of sulfur oxides, 100 tons per year of any regulated pollutant or levels specified by the U.S. Environmental Protection Agency pursuant to the Federal Clean Air Act of 1990, Section 112(a)(1). In addition, any physical change occurring at a stationary source not otherwise qualifying as a major stationary source, which would constitute a major stationary source by itself makes the source a major stationary source. For the purposes of Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM, a major stationary source also includes any source which emits or has a potential to emit 10 tpy of one HAP or 25 tpy of two or more Hazardous Air Pollutants (HAPs), as listed pursuant to Section 112(b) of the Federal Clean Air Act, or any lesser quantity threshold promulgated by the U.S. Environmental Protection Agency.
- AA. **MAJOR MODIFICATION** - Modification to a major stationary source which results in an increase in the potential to emit greater than: 25 tons per year of nitrogen oxides, 25 tons per year of reactive organic compounds, 100 tons per year of carbon monoxide, 40 tons per year of sulfur oxides, or 15 tons per year of PM10 aggregated with all other increases in potential to emit over the period of five consecutive years before the application for modification, and including the calendar year of the most recent application.

BB. MODIFICATION - Any physical change, change in method of operation (including change in fuel characteristics), addition to, or any change in hours of operation, or change in production rate of, which:

1. For an emissions unit:
 - a. Would necessitate a change in permit conditions, or;
 - b. Is not specifically limited by a permit condition, or;
 - c. Results in an increase, a decrease, or no change in emissions which are not subject to an emissions limitation.

2. For a stationary source: is a modification of its emissions unit, or addition of any new emissions unit.

3. The following shall not be considered a modification:
 - a. A change in ownership.
 - b. Routine maintenance and repair.
 - c. A reconstructed stationary source or emissions unit which shall be treated as a new stationary source or emissions unit, not as a modification.
 - d. The addition of a continuous emission monitoring system.

CC. MOUNTAIN COUNTIES AIR BASIN - Established pursuant to Section 39606 of the Health & Safety Code of the State of California and as described in Title 17, California Code of Regulations, Section 60111 (i), the Mountain Counties Air Basin includes all of El Dorado County except that portion included in the Lake Tahoe Air Basin, defined by 17 CCR 60113(b).

DD. NONATTAINMENT POLLUTANT - Any pollutant as well as any precursors of such pollutants which has been designated "nonattainment" by the U.S. Environmental Protection Agency in the Federal Register, or which has been designated nonattainment by the California Air Resources Board pursuant to Section 39607 of the Health and Safety Code.

EE. PM10 - Particulate matter with an aerodynamic diameter smaller than or equal to a nominal 10 microns as measured by an applicable reference test method or methods found in Article 2, Subchapter 6, Title 17, California Code of Regulations (commencing with Section 94100).

FF. PORTABLE EQUIPMENT - Equipment which is periodically relocated and is not operated more than a total of 180 days at any one location in the District within any continuous 12 month period.

GG. POTENTIAL TO EMIT - The maximum daily physical and operational design capacity to emit an air pollutant during each calendar quarter. Any limitation on the physical or operational design capacity, including emission control devices and restrictions on hours of operation, or on the type, or amount of material combusted, stored, or processed, may be considered as part of the design only if the limitation, or the effect it would have on emissions, is incorporated into the Authority to Construct as an enforceable permit condition as daily emissions limitations. Fugitive emissions associated with the emissions unit or stationary source shall be included in the potential to emit of the emissions unit or stationary source.

HH. PRECURSOR - A pollutant that, when emitted into the atmosphere, may undergo either a chemical or physical change which then produces another pollutant for which an ambient air quality standard has been adopted, or whose presence in the atmosphere will contribute to the violation of one or more ambient air quality standards. The following precursor-secondary air contaminant relationships shall be used for the purposes of this rule:

Precursor

Secondary Air Contaminant

Reactive Organic Compound -----	a. Photochemical oxidants (Ozone) b. Organic fraction of PM10 -----
Nitrogen Oxides -----	a. Nitrogen dioxide b. Nitrate fraction of PM10 c. Photochemical oxidants (Ozone) -----
Sulfur Oxides -----	a. Sulfur dioxide b. Sulfates c. The sulfate fraction of PM -----

- II. **PRIORITY RESERVE BANK** - A depository for preserving emission reduction credits pursuant to Rule 525, PRIORITY RESERVE.
- JJ. **PROPOSED EMISSIONS** - Emissions based on the potential to emit for the new or modified emissions unit.
- KK. **QUARTERLY** - Calendar quarters beginning in January, April, July, and October.
- LL. **QUARTERLY EMISSIONS LIMITATION** - One or a combination of permit conditions specific to an emissions unit which restricts its maximum emissions, in pounds per quarter, at or below the emissions associated with the maximum design capacity. A quarterly emissions limitation must be:
1. Contained in the latest authority to construct and contained in or enforceable by the latest permit to operate for the emission unit, and
 2. Enforceable on a quarterly basis, and
 3. Established pursuant to a permitting action occurring after December 31, 1976.
- MM. **REACTIVE ORGANIC COMPOUND** - As defined in Rule 101 General Provisions and Definitions.
- NN. **RECONSTRUCTED SOURCE** - Any emissions unit undergoing physical modification where the fixed capital cost of the new components exceeds 50 percent of the fixed capital cost of a comparable entirely new stationary source or emissions unit. Fixed capital cost means that capital needed to provide all the depreciable components. A reconstructed source shall be treated as a new stationary source or emissions unit.
- OO. **REDUCED SULFUR COMPOUNDS** - The sulfur compounds hydrogen sulfide, carbon disulfide and carbonyl sulfide.
- PP. **REGULATED AIR POLLUTANT** - A "regulated air pollutant" is any pollutant:

1) which is emitted into or otherwise enters the ambient air, and 2) for which the State or the US Environmental Protection Agency has adopted an emission limit, standard, or other requirement. Regulated air pollutants include:

1. Oxides of nitrogen and volatile organic compounds;
2. Any pollutant for which a national ambient air quality standard has been promulgated pursuant to Section 109 of the Federal Clean Air Act;
3. Any pollutant subject to a new source performance standard promulgated pursuant to Section 111 of the Federal Clean Air Act;
4. Any ozone depleting substance specified as a Class I (chlorofluorocarbons) or Class II (hydrofluorocarbons) substance pursuant to Title VI of the Federal Clean Air Act; and
5. Any pollutant subject to a standard or requirement promulgated pursuant to Section 112 of the Federal Clean Air Act, including:
 - a. Any pollutant listed pursuant to Section 112(r) of the Federal Clean Air Act (Prevention of Accidental Releases) shall be considered a "regulated air pollutant" upon promulgation of the list.
 - b. Any HAP subject to a standard or other requirement promulgated by the U.S. Environmental Protection Agency pursuant to Section 112(d) or adopted by the District pursuant to 112(g) and (j) of the Federal Clean Air Act shall be considered a "regulated air pollutant" for all sources or categories of sources: 1) upon promulgation of the standard or requirement, or 2) 18 months after the standard or requirement was scheduled to be promulgated pursuant to Section 112(e)(3) of the Federal Clean Air Act.
 - c. Any HAP subject to a District case-by-case emissions limitation determination for a new or modified source, prior to the U.S. Environmental Protection Agency promulgation or scheduled promulgation of an emissions limitation shall be considered a "regulated air pollutant" when the determination is made pursuant to Section 112(g)(2) of the Federal Clean Air Act. In case-by-case emissions limitation determinations, the HAP shall be considered a "regulated air pollutant" only for the individual source for which the emissions limitation determination was made.

QQ. REPLACEMENT EQUIPMENT -

1. Functionally Identical Replacement: The replacement of or modification of emission units(s) where the replacement unit serves the identical function as the unit(s) being replaced, and the maximum rating and the potential to emit any pollutant will not be greater from the new or modified emissions unit(s) than the replaced unit(s), when the emissions unit(s) are operated at the same permitted conditions as if current BACT were applied. The Air Pollution

Control Officer will determine, on a case-by-case basis, whether a project to replace an emissions unit in whole or part with functionally equivalent equipment is a routine repair, commonly made in the industry. Projects intended to extend the expected useful life of the unit may not be considered routine replacements.

2. Identical Replacement: The total or partial replacement of an emissions unit where the replacement is the same as the original unit in all respects except for serial number.

RR. STATIONARY SOURCE (SOURCE OR FACILITY) - Any building, structure, facility, or emissions unit which emits or may emit any affected pollutant directly or as fugitive emissions.

1. Building, structure, facility, or emissions unit includes all pollutant emitting activities which:
 - a. Belong to the same industrial grouping, and;
 - b. Are located on one property or on two or more contiguous properties, and;
 - c. Are under the same or common ownership, operation, or control or which are owned or operated by entities which are under common control.
2. Pollutant emitting activities shall be considered as part of the same industrial grouping if:
 - a. They belong to the same two-digit standard industrial classification code under the system described in the 1987 Standard Industrial Classification Manual, or;
 - b. They are part of a common production process. (Common production process includes industrial processes, manufacturing processes and any connected processes involving a common material).
3. The emissions within District boundaries of cargo carriers associated with the stationary source shall be considered emissions from the stationary source to the extent that emission reductions from cargo carriers are proposed as offsets.

SS. TEMPORARY SOURCE - Temporary emission sources such as pilot plants, and portable facilities which will be terminated or located outside the District after less than a cumulative total of 90 days of operation in any 12 continuous months, and the emissions resulting from the construction phase of a new source.

TT. TOTAL REDUCED SULFUR COMPOUNDS - The sulfur compounds hydrogen sulfide, methyl mercaptan, dimethyl sulfide and dimethyl disulfide.

523.3 STANDARDS

A. BEST AVAILABLE CONTROL TECHNOLOGY: An applicant shall apply Best

Available Control Technology to a new emissions unit or modification of an existing emissions unit, except cargo carriers, for each emissions change of an affected pollutant, which would have an increase in emissions, according to procedures specified in Section 523.4 J., and the potential to emit of the new or modified emissions unit which equals or exceeds the levels specified in Section 523.3 A.1. A condition which reflects BACT in a manner consistent with testing procedures, such as ppmv NOx, g/liter VOC, or lbs/hr shall be contained in the latest authority to construct and permit to operate.

1.	<u>Pollutant</u>	<u>lb/day</u>
	Reactive organic compounds	10
	Nitrogen oxides	10
	Sulfur oxides	80
	PM10	80
	Carbon monoxide	550
	Lead	3.3
	Vinyl chloride	5.5
	Sulfuric acid mist	38
	Hydrogen sulfide	55
	Total reduced sulfur compounds	55
	Reduced sulfur compounds	55

B. OFFSET REQUIREMENTS, GENERAL:

1. An applicant shall provide offsets for the affected pollutant, except as provided in Section 523.3 D., obtained pursuant to Rule 524, EMISSION REDUCTION CREDITS, or Rule 525, PRIORITY RESERVE, for new and modified sources where the cumulative emission changes of reactive organic compounds, nitrogen oxides, sulfur oxides, PM10 or carbon monoxide calculated pursuant to Section 523.4 K. or 523.4 L., exceed the level specified in Section 523.3 B.1.a. or 523.3 B.1.b., below. Sufficient offsets shall be provided, from the same calendar quarter as the emissions, to offset positive emissions changes of reactive organic compounds, nitrogen oxides and carbon monoxide (except as provided in Section 523.3 B.2) calculated according to procedures specified in Section 523.4 N. Sufficient offsets shall be provided, from the same calendar quarter as the emissions, to offset positive emissions changes of sulfur oxides and PM10 calculated according to procedures specified in Section 523.4 O. Facilities shall be required to curtail operations if sufficient offsets are not obtained as required by permit conditions. Except as provided for in Section 523.3 D., emission offsets used to mitigate emission increases must be of the same pollutant type. The facility is ultimately responsible for ensuring offsets:

a.	<u>Pollutant</u>	<u>pounds per quarter</u>
	Reactive organic compounds	5,000

Nitrogen oxides	5,000
Sulfur oxides	12,500
PM10	7,500
Carbon monoxide	7,500

- b. For new major stationary sources, the applicant shall provide offsets obtained pursuant to Rule 524 or 525 for the affected pollutant, except as provided in Section 523.3 D., in amounts necessary to offset, pursuant to this rule, the new source's potential to emit for the affected pollutant.
2. Offsets for increases in carbon monoxide shall not be required if the applicant, using an air quality modeling analysis prepared pursuant to Section 523.4 B., demonstrates to the satisfaction of the Air Pollution Control Officer that the increase in ambient concentration does not exceed 500 micrograms per cubic meter, 8 hour average, at or beyond the property line of the stationary source.
3. In no case shall halogenated hydrocarbons be used as offsets for reactive organic compounds, nor shall exempt compounds or other compounds excluded from the definition of reactive organic compounds be used as offsets for reactive organic compounds.
4. Portable equipment shall be evaluated for offsets at the initial location only. In the event such portable equipment is shutdown, emission reduction credits shall be granted based on the emissions calculated at the initially permitted location. If operated a cumulative total of less than 90 days within a continuous 12 month period, at all locations within the District and in any air basin of which the District is a part, the portable equipment is considered a temporary source.
5. Except as allowed by Section 523.4 L.1., for sources which have provided full offsets of total suspended particulate (TSP), the PM10 emissions from an existing stationary source shall be recalculated from the TSP emission increases and decreases which have occurred since December 31, 1976, using PM10 emission factors. When PM10 emission factors do not exist assume 50% of the TSP is PM10.
6. Offsets can only come from regions with the same nonattainment classification or higher nonattainment classification than that of the emissions unit or stationary source requiring the offsets.

C. LOCATION OF OFFSETS AND OFFSET RATIOS:

1. Except as provided in Subsections 523.3 C.2., and 523.3 C.3., and Section 523.3 D., an applicant shall provide offsets for emissions from a proposed stationary source subject to the requirements of Section 523.3 B., according to the following ratios and requirements as a minimum:

Location of Offset	Offset Ratio	
	Non-Attainment Pollutants	Other Affected Pollutants
Same Source	1.0 to 1.0	1.0 to 1.0
Within 15-Mile Radius and within the District	1.3 to 1.0	1.1 to 1.0
Within 15-Mile Radius outside the District, but within the same air basin	1.3 to 1.0	1.2 to 1.0
Greater than 15-Mile but within 50-Mile Radius and within District	2.0 to 1.0	1.2 to 1.0
Greater than 15-Mile but within 50-Mile Radius and outside the District, but within the same air basin	2.1 to 1.0	1.3 to 1.0
More than 50-Mile Radius and within the same air basin	Greater than 2.1 to 1.0	Greater than 1.3 to 1.0

2. Offsets obtained from locations not satisfying the location criteria of Subsection 523.3 C.1., other than offsets obtained pursuant to Rule 525, PRIORITY RESERVE, shall be subject to an offset ratio of at least 1.2 to 1.0. An air quality analysis pursuant to Section 523.3 F., shall be performed. The Air Pollution Control Officer may impose, based on the air quality analysis, a higher offset ratio such that the new or modified stationary source will not prevent or interfere with the attainment or maintenance of any ambient air quality standard.
3. Applicants providing offsets obtained pursuant to Rule 525, PRIORITY RESERVE, shall be subject to an offset ratio of 1.0 to 1.0 for all pollutants at all distances except for major stationary sources. Major stationary sources providing offsets obtained pursuant to Rule 525, PRIORITY RESERVE, shall be subject to an offset ratio of 1.2 to 1.0 for all pollutants at all distances.
4. Offsets which are obtained pursuant to Sections 523.3 B., and 523.3 C., and pursuant to permitting actions in a district other than that in which the proposed source is located may be used only if the Air Pollution Control Officer has reviewed the permit conditions issued by the other district in which the proposed offsets are obtained and certifies that the impact of using such offsets meet the requirements of the District Rules and Regulations. Emission reduction credits used to offset project emissions in another district shall be implemented through an interdistrict agreement to ensure their enforceability and permanence pursuant to California Health and Safety Code Section 40709.6.

- D. **INTERPRECURSOR OFFSETS:** Interprecursor offsets may be allowed provided that the applicant demonstrates through the use of an air quality model the interpollutant offsetting will lead to a net benefit in air quality in the District. In such cases, the Air Pollution Control Officer shall impose based on an air quality analysis, offset ratios greater than the requirements of Section 523.3 C. Interpollutant offsets between PM10 and PM10 precursors may be allowed only if PM10 precursors contribute significantly to the PM10 levels that exceed the PM10 ambient standards. PM10 emissions shall not be allowed to offset nitrogen oxides or reactive organic compound emissions in ozone nonattainment areas, nor be allowed to offset sulfur oxide emissions in sulfate nonattainment areas. The Air Pollution Control Officer, California Air Resources Board, and U.S. Environmental Protection Agency must approve all interprecursor trades on a case-by-case basis.
- E. **EMISSION REDUCTIONS, SHUTDOWNS AND CURTAILMENTS:** Actual emission reductions from a shutdown or curtailment of permitted emission units may be credited for the purposes of banking and offsets pursuant to Rule 524, EMISSION REDUCTION CREDITS, provided:
1. Application is made for emission reduction credits, and;
 2. The crediting and disbursement of emission reductions from source shutdowns and curtailments shall be in accordance with the most current U.S. Environmental Protection Agency emissions trading policy and applicable federal regulations, and;
 3. Emissions decreases are ensured and documented by enforceable emission limitations contained in the permit to operate, or;
 4. Emissions decreases are ensured by the permanent surrender or cancellation of the permit to operate.
- F. **AMBIENT AIR QUALITY STANDARDS:** In no case shall emissions from the new or modified stationary source, prevent or interfere with the attainment or maintenance of any applicable ambient air quality standard, except as provided in Section 523.3 B.2. The Air Pollution Control Officer may require the use of an air quality model to estimate the effects of a new or modified stationary source. The analysis shall estimate the effects of a new or modified stationary source, and verify that the new or modified stationary source will not prevent or interfere with the attainment or maintenance of any ambient air quality standard. In making this determination the Air Pollution Control Officer shall take into account the mitigation of emissions through offsets pursuant to this rule and the impacts of transported pollutants on downwind pollutant concentrations. The Air Pollution Control Officer may impose, based on an air quality analysis, offset ratios greater than the requirements of Section 523.3 C.
- G. **DENIAL, FAILURE TO MEET STANDARDS:** The Air Pollution Control Officer

shall deny any authority to construct or permit to operate if the Air Pollution Control Officer finds that the subject of the application would not comply with the standards set forth in District, state, or federal rules or regulations. Stationary sources and emission units are required to curtail operations corresponding to the extent that required offsets are not obtained, or are not permanently maintainable. The owner or operator of the stationary source or emissions unit requiring offsets has the ultimate responsibility for ensuring offsets are real, surplus, permanent, and quantifiable.

- H. **CEQA APPLICABILITY:** All proposed new and modified sources for which an authority to construct must be obtained from the District shall be reviewed in accordance with the requirements of CEQA, including, but not limited to, alternative siting and benefits analysis as specified in the Federal Clean Air Act, Section 173(A)(5).
- I. **DENIAL, FAILURE TO MEET CEQA:** The Air Pollution Control Officer shall deny any authority to construct or permit to operate if the Air Pollution Control Officer finds that the subject of the application would not comply with the standards set forth in CEQA.
- J. **CONTROL TECHNOLOGY INFORMATION:** The District shall expeditiously submit all control technology information from all authorities to construct issued per this section to the U.S. Environmental Protection Agency's RACT/BACT/LAER Clearinghouse.

523.4 ADMINISTRATIVE REQUIREMENTS

The following administrative requirements in Sections 523.4 A. - 523.4 O., shall apply to any activities regulated by this rule, except for the review of power plants over 50 megawatts. Power plants over 50 megawatts shall be subject to the review requirements of Section 523.4 P., and applicable requirements of Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM. Stationary sources which are subject to Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM, shall be permitted in accordance with the procedures specified in that rule, in addition to the requirements of this Section which are consistent with Rule 522.

- A. **COMPLETE APPLICATION:** With the exception of applications for initial permit to operate, permit renewal, or a significant modification for stationary sources subject to the requirements of Title V of the Federal Clean Air as amended in 1990 and Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM, the Air Pollution Control Officer shall determine whether the application is complete no later than 30 days after receipt of the application, or after such longer time period that the applicant and the Air Pollution Control Officer have agreed in writing. If the Air Pollution Control Officer determines that the application is not complete, the applicant shall be notified in writing of the decision specifying the information required. Upon receipt of any re-submittal of the application, a new 30-day period to determine completeness shall begin. Completeness of an application or a re-submitted application shall be evaluated on the basis of the information requirements set forth in District regulations

(adopted pursuant to Article 3, 65940 through 65944 of Chapter 4.5 of Division I of Title 7 of the California Government Code) as they exist on the date on which the application or re-submitted application was received, on the CEQA-related information which satisfies the requirements of the District's CEQA Guidelines, and the applicable requirements of Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM. The Air Pollution Control Officer may, during the processing of the application, request an applicant to clarify, amplify, correct, or otherwise supplement the information submitted in the application.

- B. **AIR QUALITY MODELS:** All air quality models used for the purposes of this rule shall be consistent with the requirements provided in the most recent edition of U.S. Environmental Protection Agency "Guidelines on Air Quality Models, OAQPS 1.2-080" unless the Air Pollution Control Officer finds that such model is inappropriate for use. After making such finding the Air Pollution Control Officer may designate an alternate model only after allowing for public comment, and only with concurrence of the U.S. Environmental Protection Agency. Credit shall not be given for stacks higher than that dictated by good engineering practice. All modeling costs associated with the siting of a stationary source shall be borne by the applicant.
- C. **PRELIMINARY DECISION:** Except as provided in Section 523.1 D., following acceptance of an application as complete, the Air Pollution Control Officer shall perform the evaluations required to determine compliance with all applicable district rules and regulations and make a preliminary written decision as to whether a permit to construct should be approved, conditionally approved, or denied. When the District is the CEQA Lead Agency for a project, the Air Pollution Control Officer shall not issue a preliminary decision until the draft Environmental Impact Report or Negative Declaration is available for public review. The decision shall be supported by a succinct written analysis.
1. The Air Pollution Control Officer shall transmit to the California Air Resources Board and the U.S. Environmental Protection Agency its preliminary written decision and analysis for sources subject to Sections 523.3 A., 523.3 B., 523.3 C., and 523.3 F., no later than the date of publication as required in Section 523.4 D. For initial permits to operate, renewal of permits, significant and minor permit modifications, and reopenings for cause of sources subject to the requirements of Title V of the Federal Clean Air Act as amended in 1990 (42 U.S.C. Section 7401 et seq.), and pursuant to Rule 522, TITLE V -FEDERAL OPERATING PERMIT PROGRAM, the proposed decision, analysis, public notice, and draft permit if applicable, shall be sent to the U.S. Environmental Protection Agency for a 45 day review period.
- D. **PUBLICATION AND PUBLIC COMMENT:** Except as provided in Section 523.1 D., within ten calendar days following a preliminary decision pursuant to Section 523.3, Standards, of this rule, the Air Pollution Control Officer shall publish in at least one newspaper of general circulation in the District a notice stating the preliminary decision of the Air Pollution Control Officer, noting how the pertinent information can be obtained, and inviting written public comment for a 30-day period following

the date of publication. For initial permits to operate, renewal of permits, significant permit modifications, and reopenings for cause of sources subject to Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM, public notice shall be given pursuant to the requirements of that rule.

E. **PUBLIC INSPECTION:** Except as provided in Section 523.1 D., the Air Pollution Control Officer shall make available for public inspection at the District's office the information submitted by the applicant and the Air Pollution Control Officer's analysis no later than the date the notice of the preliminary decision is published, pursuant to Section 523.4 D. Information submitted which contains trade secrets shall be handled in accordance with Section 6254.7 of the California Government Code and relevant sections of the California Administrative Code. Further, all such information shall be transmitted no later than the date of publication to the California Air Resources Board and the U.S. Environmental Protection Agency regional office, and to any party which requests such information. For initial permits to operate, renewal of permits, significant permit modifications, and reopenings for cause of sources subject to Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM, written notice, the proposed permit, and upon request, the District's analysis, shall be provided to interested parties or agencies pursuant to the requirements of that rule.

F. **AUTHORITY TO CONSTRUCT, FINAL ACTION:**

1. Within 180 days after acceptance of an application as complete, the Air Pollution Control Officer shall take final action on the application after considering all written comments.
2. Notwithstanding this 180-day limit, the Air Pollution Control Officer shall not take final action for any project for which an Environmental Impact Report (EIR) or a Negative Declaration is being prepared until a final EIR for that project has been certified or a Negative Declaration for that project has been approved, and the Air Pollution Control Officer has considered the information in that final EIR or Negative Declaration. The Air Pollution Control Officer shall take final action on the application within whichever of the following periods of time is longer:
 - a. Within 180 days after the certification of the final EIR or approval of the Negative Declaration, or
 - b. Within 180 days of the date on which the application was determined complete by the Air Pollution Control Officer.
3. Except as provided in Section 523.1 D., the Air Pollution Control Officer shall provide written notice of the final action to the applicant, the U.S. Environmental Protection Agency, and the California Air Resources Board, and shall publish such notice in a newspaper of general circulation and shall make the notice and all supporting documents available for public inspection at the District's office.

G. **REQUIREMENTS, AUTHORITY TO CONSTRUCT AND PERMIT TO**

OPERATE:

1. General Conditions: As a condition for the issuance of an authority to construct and a permit to operate, the Air Pollution Control Officer shall require that the emissions unit and stationary source, and any emissions units which provide offsets, be operated in the manner stated in the application in making the analysis required to determine compliance with this rule, and as conditioned in the authority to construct.
2. Emissions Limitations: All of the following emissions limitations shall be included on the authority to construct and permit to operate, if applicable:
 - a. The authority to construct and permit to operate shall include emission limitations which reflect Best Available Control Technology. Such condition(s) shall be expressed in a manner consistent with testing procedures, such as ppmv NO_x, g/liter VOC, or lbs/hr.
 - b. A quarterly emissions limitation for each affected pollutant for which offsets are being provided pursuant to Section 523.3 B.1., shall be contained in the authority to construct and permit to operate.
 - c. A daily emission limitation shall be contained in the authority to construct and permit to operate for all affected pollutants for which offsets are not being provided pursuant to Section 523.3 B.1., or when required to be consistent with ambient air quality standards.
 - d. Electrical power plants shall also contain a quarterly emissions limitation for operation of increased power plant operation needed to compensate for reduced operation at other power plant(s) within the District due to emergency breakdown, pursuant to Rule 516, UPSET CONDITIONS, BREAKDOWN, OR SCHEDULED MAINTENANCE, and regularly scheduled maintenance.
 - e. Permits to operate for sources subject to the requirements of Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM, shall contain all applicable federal requirements in addition to the applicable limitations of (a), (b), (c), and (d), above.
3. Design, Operational, or Equipment Standards: If the Air Pollution Control Officer determines that technological or economic limitations on the application of measurement methodology to a particular class of sources would make the imposition of a numerical emission standard infeasible, the Air Pollution Control Officer may instead prescribe a design, operational, or equipment standard. In such cases, the District shall make its best estimate as to the emission rate that will be achieved and shall specify that rate in required submissions to the U.S. Environmental Protection Agency. Any permits issued without an enforceable numerical emission standard must contain enforceable conditions which assure that the design characteristics or equipment will be properly maintained, or that the operational conditions will be properly performed, so as to continuously achieve the assumed degree of control.

4. Offsets:

- a. Except as provided in Section 523.4 G.4.b., below, the operation of any emissions unit or stationary source which provides offsets shall be subject to enforceable permit conditions, containing specific emissions and operational limitations, to ensure that the emission reductions shall be provided in accordance with the provisions of this rule and shall continue for the reasonably expected life of the proposed emissions unit or stationary source.
- b. Where the source of offsets is not required to obtain an authority to construct or a permit to operate pursuant to Rule 501, GENERAL PERMIT REQUIREMENTS, and Rule 524, EMISSION REDUCTION CREDITS, a written contract or a functional equivalent as determined by the Air Pollution Control Officer shall be required between the applicant and the owner or operator of such source, which contract, by its terms, shall be enforceable by the Air Pollution Control Officer. For sources subject to federal NSR requirements, in the absence of federally enforceable conditions, the execution of a source specific SIP revision is required.
- c. An internal emission offset will be considered enforceable if it is made a State Implementation Plan (SIP) requirement by inclusion as a condition of the new source permit and the permit is forwarded to the U.S. Environmental Protection Agency.
- d. Except as provided in Section 523.4 G.4.b., external offsets must be made enforceable either by revision of an offsetting source's authority to construct and permit to operate or by submittal of a SIP revision to U.S. Environmental Protection Agency prior to the operation of the emissions unit. The revised permit shall be forwarded to the U.S. Environmental Protection Agency. The SIP revision submittal shall be submitted to the California Air Resources Board to be forwarded to the U.S. Environmental Protection Agency as part of the State Implementation Plan.
- e. A violation of the emission limitation provisions of any contract pursuant to 523.4 G.4.b., above, shall be a violation of this rule by the applicant.
- f. The operation of any emissions unit or stationary source which uses offsets provided by another emissions unit or stationary source shall be subject to enforceable permit conditions, containing specific emissions and operational limits, to ensure that the emission reductions are used in accordance with the provisions of District rules and shall continue for the reasonably expected life of the proposed emissions unit or stationary source.
- g. For sources subject to federal requirements, the permanence of emissions reductions may be demonstrated by federally enforceable changes in source permits or applicable District regulations to reflect a reduced level of allowable emissions.

- H. **ISSUANCE, PERMIT TO OPERATE:** The Air Pollution Control Officer shall issue a permit to operate an emissions unit subject to the requirements of this rule if it is determined that any offsets required as a condition of an authority to construct or amendment to a permit to operate will commence not later than the initial operation of the new or modified source, and that the offsets shall be maintained throughout the operation of the new or modified source which is the beneficiary of the offsets. Further, the Air Pollution Control Officer shall determine that all conditions specified in the authority to construct have been complied with or will be complied with by the dates specified on the authority to construct. Such applicable conditions shall be contained in the permit to operate. Where a new or modified stationary source is, in whole or in part, a replacement for an existing stationary source on the same property, the Air Pollution Control Officer may allow a maximum of 90 days as a startup period for simultaneous operation of the existing stationary source and the new source or replacement. For initial permits to operate, renewal of permits, significant permit modifications, and reopenings for cause of sources subject to Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM, permit issuance shall comply with the requirements and procedures of that rule.
- I. **REGULATIONS IN FORCE GOVERN:** An authority to construct shall be granted or denied based on Best Available Control Technology and offset requirements of Sections 523.3 A. and 523.3 B., in force on the date the application is deemed complete as defined in Section 523.2 K. In addition, the Air Pollution Control Officer shall deny an authority to construct for any new stationary source or modification, or any portion thereof, unless:
1. Compliance with District Rules: The new source or modification, or applicable portion thereof, complies with the provisions of this rule and all other applicable district rules and regulations; and
 2. Certification of Compliance: The owner or operator of the proposed new or modified source has certified that all existing major stationary sources owned or operated by such person (or by any entity controlling, controlled by, or under common control with such person) in California which are subject to emission limitations are in compliance, or on an expeditious schedule for compliance, with all applicable emission limitations and standards.
- J. **CALCULATION OF EMISSIONS - BACT:** The emissions change for a new or modified emissions unit shall be calculated by subtracting historic actual emissions from proposed emissions. Calculations shall be performed separately for each emissions unit for each calendar quarter.
- K. **CALCULATION OF EMISSIONS - OFFSETS TRIGGER FOR ROC, NO_x AND CO:** The potential to emit for each calendar quarter for a stationary source shall be the sum of the potential to emit, including fugitive emissions, for all emissions units, excluding emergency standby engines, based on current permits to operate and authorities to construct where permits to operate have not been issued, the pending application and all banked emission reduction credits.

L. CALCULATION OF EMISSIONS - OFFSET TRIGGER FOR SO_x AND PM₁₀:

Except as provided in Sections 523.4 L.1., and 523.4 L.2., the cumulative emissions increases for each calendar quarter for a stationary source shall be the sum of emissions from Sections 523.4 L.3., 523.4 L.4., and 523.4 L.5 for each calendar quarter, expressed in terms of pounds per day. Emissions from emergency standby engines shall be excluded from the calculation of the emissions offset trigger.

1. An application for a modification, deemed complete after **April 26, 1994**, to an emissions unit or stationary source, constructed or whose application is deemed complete prior to **April 26, 1994**, and which had provided full offsets for total suspended particulate matter emissions occurring after December 31, 1976 but before **April 26, 1994**, those total suspended particulate matter emissions shall not be recalculated as PM₁₀. However, all subsequent increases in PM₁₀ emissions must be offset.
2. Except as provided in Section 523.4 L.5., any emissions increase represented by an authority to construct or permit to operate which has been cancelled or has expired and any emission reduction credits surrendered to the District shall not be included in the cumulative emissions increase calculation pursuant to Section 523.4 M.
3. The potential to emit for all emissions units installed after December 31, 1976 based on current permits to operate or authorities to construct where permits to operate have not been issued, including the pending application being reviewed.
4. All emission increases from the modification to emissions units installed prior to December 31, 1976 and modified after December 31, 1976 as determined by procedures specified in Section 523.4 K. or procedures specified in Rule 523, at the time of modification.
5. Emission reduction credits obtained pursuant to Rule 524, EMISSION REDUCTION CREDITS, after December 31, 1976, from emissions units installed after December 31, 1976.

M. CALCULATION OF EMISSIONS - OFFSETS GENERAL: The emissions change for a new or modified emissions unit shall be calculated by subtracting historic potential emissions from proposed emissions. Calculations shall be performed separately for each pollutant and each emissions unit for each calendar quarter. Negative emissions changes shall be processed under the procedures specified in Rule 524, EMISSION REDUCTION CREDITS, and Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM, for early Hazardous Air Pollutant reductions satisfying the requirements of Section 112(i)(5) of the Federal Clean Air Act as amended in 1990. Emissions from emergency standby engines shall be excluded from the calculation of emissions offsets.

N. **CALCULATION OF EMISSIONS - OFFSETS REQUIRED FOR ROC, NO_x AND CO:** The cumulative net emissions increase pursuant to Section 523.4 M., for a stationary source shall be the sum of emissions from each of the following for each calendar quarter expressed in terms of pounds per quarter. Emissions from emergency standby engines shall be excluded from the calculation of emissions offsets.

1. The potential to emit including associated fugitive emissions, not previously offset, for all emissions units installed after **April 26, 1994**, based on current permits to operate and authorities to construct, where permits to operate have not been issued, and the pending application.
2. All emission increases, including associated fugitive emissions, not previously offset, from the modification to emissions units installed before **April 26, 1994**, but modified after **April 26, 1994**, as determined by procedures specified in 523.4 M., or pursuant to calculation procedures specified in Rule 523, NEW SOURCE REVIEW, at the time of the modification.

Any emissions increase represented by an authority to construct or permit to operate which has been cancelled or has expired shall not be included in the cumulative emissions increase calculation.

O. **CALCULATION OF EMISSIONS - OFFSETS REQUIRED FOR SO_x AND PM₁₀:** The cumulative net emissions increase pursuant to Section 523.4 M., for a stationary source shall be the sum of emissions from each of the following for each calendar quarter expressed in terms of pounds per quarter. Emissions from emergency standby engines shall be excluded from the calculation of emissions offsets.

1. The potential to emit including associated fugitive emissions, not previously offset, for all emissions units installed after **April 26, 1994**, based on current permits to operate or authorities to construct where permits to operate have not been issued, including the pending application being reviewed.
2. All emission increases including associated fugitive emissions, not previously offset, from the modification to emissions units installed before **April 26, 1994**, but modified after **April 26, 1994**, as determined by procedures specified in Section 523.4 M., or pursuant to calculation procedures specified in Rule 523, NEW SOURCE REVIEW, at the time of the modification. Any emissions increase represented by an authority to construct or permit to operate which has been cancelled or has expired shall not be included in the cumulative emissions increase calculation.

P. **POWER PLANTS:** This section shall apply to all power plants proposed to be constructed in the District and for which a Notice of Intention (NOI) or Application for Certification (AFC) has been accepted by the California Energy Commission.

1. Within 14 days of receipt of a Notice of Intention, the Air Pollution Control Officer shall notify the Air Resources Board and the California Energy

Commission of the District's intent to participate in the Notice of Intention proceeding. If the District chooses to participate in the Notice of Intention proceeding, the Air Pollution Control Officer shall prepare and submit a report to the California Air Resources Board and the California Energy Commission prior to the conclusion of the non-adjudicatory hearing specified in Section 25509.5 of the California Public Resources Code. That report shall include, at a minimum:

- a. A preliminary specific definition of Best Available Control Technology for the proposed facility;
- b. A preliminary discussion of whether there is substantial likelihood that the requirements of this rule and all other District regulations can be satisfied by the proposed facility;
- c. A preliminary list of conditions which the proposed facility must meet in order to comply with this rule or any other applicable district regulation.

The preliminary determinations contained in the report shall be as specific as possible within the constraints of the information contained in the Notice of Intention.

2. Upon receipt of an Application for Certification for a power plant, the Air Pollution Control Officer shall conduct a determination of compliance review. This determination shall consist of a review identical to that which would be performed if an application for a permit to construct had been received for the power plant. If the information contained in the Application for Certification does not meet the requirements of this rule, the Air Pollution Control Officer shall, within 20 calendar days of receipt of the Application for Certification, so inform the California Energy Commission, and the Application for Certification shall be considered incomplete and returned to the applicant for re-submittal.
3. The Air Pollution Control Officer shall consider the Application for Certification to be equivalent to an application for a permit to construct during the determination of compliance review, and shall apply all provisions of this rule which apply to applications for a permit to construct.
4. The Air Pollution Control Officer may request from the applicant any information necessary for the completion of the determination of compliance review. If the Air Pollution Control Officer is unable to obtain the information, the Air Pollution Control Officer may petition the presiding Commissioner of the California Energy Commission for an order directing the applicant to supply such information.
5. Within 180 days of accepting an Application for Certification as complete, the Air Pollution Control Officer shall make a preliminary decision on:
 - a. Whether the proposed power plant meets the requirements of this rule and all other applicable district regulations, and;
 - b. In the event of compliance, what permit conditions will be required including the specific Best Available Control Technology requirements and a description of required mitigation measures.

The preliminary written decision under Section 523.4 N.5., shall be treated as a preliminary decision under Section 523.4 C., of this rule, and shall be finalized by the Air Pollution Control Officer only after being subject to the public notice and comment requirements of Sections 523.4 C., and 523.4 D. The Air Pollution Control Officer shall not issue a determination of compliance for the power plant unless all requirements of this rule are met.

6. Within 240 days of the filing date, the Air Pollution Control Officer shall issue and submit to the California Energy Commission a determination of compliance or, if such a determination cannot be issued, shall so inform the California Energy Commission. A determination of compliance shall confer the same rights and privileges as an authority to construct only when and if the California Energy Commission approves the Application for Certification, and the California Energy Commission certificate includes all conditions of the determination of compliance.

7. Any applicant receiving a certificate from the California Energy Commission pursuant to this section and in compliance with all conditions of the certificate shall be issued a permit to operate by the Air Pollution Control Officer. If subject to the requirements of Title V of the Federal Clean Air Act as amended in 1990 (42 U.S.C. Section 7401 et seq.), the applicant must comply with the applicable requirements of Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM.

523.5 MONITORING AND RECORDS

- A. **RECORDKEEPING:** The following records shall be maintained for five years and shall be provided to the Air Pollution Control Officer upon request.
 1. Emergency Standby Engines: Records of operation for maintenance purposes and for actual interruptions of power.
 2. Portable and Temporary Equipment: Records of operating location and corresponding dates of operation.
- B. **RECORDKEEPING FOR SOURCES SUBJECT TO RULE 522:** The recordkeeping requirements for sources subject to Rule 522, TITLE V - FEDERAL OPERATING PERMIT PROGRAM, shall include all of the requirements of that rule in addition to the separate recordkeeping requirements of applicable federal requirements.

ADOPTED: April 26, 1994

AMENDED: January 23, 2001, November 20, 2001, March 8, 2005

RESCINDED: