

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

(Adopted October 15, 1993)(Amended December 7, 1995)
(Amended February 14, 1997)(Amended May 11, 2001)(Amended January 7, 2005)
(Amended May 6, 2005)(Amended December 4, 2015)

RULE 2001. APPLICABILITY

(a) Purpose

This rule specifies criteria for inclusion in RECLAIM for new and existing facilities. It also specifies requirements for sources electing to enter RECLAIM and identifies provisions in District rules and regulations that do not apply to RECLAIM sources.

(b) Criteria for Inclusion in RECLAIM

The Executive Officer will maintain a listing of facilities which are subject to RECLAIM. The Executive Officer will include facilities, unless otherwise exempted pursuant to subdivision (i), if emissions fee data for 1990 or any subsequent year filed pursuant to Rule 301 - Permit Fees, shows four or more tons per year of NO_x or SO_x emissions where:

(1) NO_x emissions do not include emissions from:

- (A) any NO_x source which was exempt from permit pursuant to Rule - 219 Equipment Not Requiring A Written Permit Pursuant to Regulation II;
- (B) any NO_x process unit which was rental equipment with a valid District Permit to Operate issued to a party other than the facility;
- (C) on-site, off-road mobile sources; or
- (D) ships as specified in Rule 2000(c)(62)(C) and (D).

(2) SO_x emissions do not include emissions from:

- (A) any SO_x source which was exempt from permit pursuant to Rule - 219 Equipment Not Requiring A Written Permit Pursuant to Regulation II; or
- (B) any SO_x source that burned natural gas exclusively, unless the emissions are at a facility that elected to enter the program pursuant to subparagraph (i)(2)(A); or
- (C) any SO_x process unit which was rental equipment with a valid District Permit to Operate issued to a party other than the facility;
- (D) on-site, off-road mobile sources; or
- (E) ships as specified in Rule 2000(c)(62)(C) and (D).

The Executive Officer will not include a facility in RECLAIM if a permit holder requests exclusion no later than January 1, 1996 and demonstrates prior to October 15, 1993 through the addition of control equipment, the possession of a valid Permit to Construct for such control equipment, or a Permit to Operate condition that the emissions fee data received pursuant to Rule 301, which shows emissions equal to or greater than four tons per year of a RECLAIM pollutant, is not representative of future emissions.

(c) Amendments to RECLAIM Facility Listing

- (1) The Executive Officer will amend the RECLAIM facility listing to add, delete, change designation of any facility or make any other necessary corrections upon any of the following actions:
 - (A) Approval by the Executive Officer pursuant to Rule 2007 - Trading Requirements, of the permanent transfer or relinquishment of all RTCs applicable to a facility.
 - (B) Approval by the Executive Officer of a change of Facility Permit holder or change of facility name.
 - (C) Approval by the Executive Officer of a Facility Permit for a new facility if such new facility would, under RECLAIM, have a starting Allocation equal to or greater than four tons per year of a RECLAIM pollutant NO_x or SO_x, unless the facility would be exempt pursuant to subdivision (i).
 - (D) Approval by the Executive Officer of a Facility Permit for an existing non-RECLAIM facility, which reports NO_x or SO_x emissions pursuant to Rule 301 - Permit Fees, for any year which are equal to or greater than four tons, as specified in subdivision (b), unless the facility would be exempt pursuant to subdivision (i).
 - (E) Approval by the Executive Officer of the election of a facility to enter the RECLAIM program pursuant to subdivision (f).

- (F) Upon delegation of authority from EPA to the District for Outer Continental Shelf (OCS) sources and inclusion of RECLAIM in 40 CFR Part 55 pursuant to the consistency update process, such OCS sources shall be RECLAIM facilities. The OCS sources' starting Allocation for the year of entry and Allocations for the years 2000 and 2003 and interim years, shall be determined pursuant to Rule 2002 - Allocations for Oxides of Nitrogen (NO_x) and Oxides of Sulfur (SO_x), except that fuel usage and emissions data reported to the Minerals Management Service of the Department of the Interior be utilized where emissions data reported pursuant to Rule 301 is not available, provided that the permit holder substantiates the accuracy of such fuel usage and emissions data. The starting Allocation shall be adjusted to reflect the rate of reduction which would have been applicable to the facility if it had been in the RECLAIM program as of October 15, 1993.
- (2) The actions specified in this subdivision shall be effective only upon amendment of the Facility Listing.
- (d) Cycles
 - (1) The Executive Officer will assign RECLAIM facilities to one of two compliance cycles by computer-generated random assignment which, to the extent possible, ensures an even distribution of RTCs. The Facility Listing will distinguish between Cycle 1 facilities, which will have a compliance year of January 1 to December 31 of each year, and Cycle 2 facilities, with a compliance year of July 1 to June 30 of each year.
 - (2) The issue and expiration dates of the RTCs allocated to a facility shall coincide with the beginning and ending dates of the facility's compliance year.
 - (3) Within 30 days of October 15, 1993, facilities assigned to Cycle 2 may petition the Executive Office or the Hearing Board to change their cycle designation. Facilities assigned to Cycle 1 may not petition the Executive Officer or Hearing Board to change their cycle designation. Facilities entering the RECLAIM program after October 15, 1993 will be assigned to the cycle with the greatest amount of time remaining in the compliance year.

- (e) High Employment/Low Emissions (HILO) Facility Designation
A new facility may, after January 1, 1997 apply to the District for classification as a HILO Facility. The Executive Officer will approve the HILO designation upon the determination that the emission rate for NO_x, SO_x, ROC, and PM₁₀ is less than or equal to one-half (1/2) of any target specified in the AQMP for emissions per full-time manufacturing employee by industry class in the year 2010.
- (f) Entry Election
- (1) A non-RECLAIM facility may elect to permanently enter the RECLAIM program, provided that:
 - (A) the owner or operator files an Application for Entry;
 - (B) the facility is not listed as exempt under paragraph (i)(1);
 - (C) the facility is not operating under an Order for Abatement or in violation of any District rule; and
 - (D) the facility is not subject to a compliance date in an existing rule within six months of the date of Application for Entry.
 - (2) Upon approval of an Application for Entry, the Executive Officer will issue a Facility Permit. The facility's starting Allocation for the year of entry and Allocations for the years 2000 and 2003 and interim years, shall be determined pursuant to Rule 2002 - Allocations for Oxides of Nitrogen (NO_x) and Oxides of Sulfur (SO_x). If necessary, the Allocation shall be adjusted to equal the Allocations which would have been applicable to the facility if it had been subject to the RECLAIM program as of October 15, 1993.
 - (3) Entry into the RECLAIM program will be effective upon issuance of a Facility Permit pursuant to Rule 2006 - Permits, and publication of the addition of the facility to the Facility Listing.
- (g) Exit from RECLAIM
- (1) The owner or operator of an electricity generating facility (EGF) may submit a plan application (i.e., opt-out plan) subject to plan fees specified in Rule 306 to request to opt-out of the NO_x RECLAIM program provided that the following requirements are met as demonstrated in an opt-out plan submitted to the Executive Officer:

- (A) At least 99 percent of the EGF's NOx emissions for the most recent three full compliance years are from equipment that meets current Best Available Control Technology (BACT) or Best Available Retrofit Control Technology (BARCT), for NOx.
- (B) The EGF is subject to NOx RECLAIM as of December 4, 2015 or has been subject to NOx RECLAIM for at least 10 years as of the plan submittal date.

For the purpose of this rule an electricity generating facility (EGF) is a NOx RECLAIM facility that generates electricity for distribution in the state or local grid system, excluding cogeneration facilities.

- (2) If the Executive Officer approves an opt-out plan, based on the criteria specified in paragraph (g)(1), then the EGF Facility Permit holder shall submit applications to include in its permit and accept permit conditions that ensure all of the following apply:

- (A) NOx RTCs held by the EGF shall be treated as follows:
 - (i) For an EGF that does not meet the definition of an existing facility, as defined in Rule 2000(c)(35), the quantity of NOx RTCs for all compliance years after the date of approval of the opt-out plan required to be held by the EGF pursuant to Rule 2005 – New Source Review for RECLAIM shall be surrendered by the facility, retired from the market, and used to satisfy any NOx requirements for continuing obligations under Regulation XIII – New Source Review. If needed to equal this amount, any Non-tradable/Non-usable RTCs and any RTCs corresponding to the EGF's contribution to the Regional NSR Holding Account may be used for this purpose and, if RTCs from the Regional NSR Holding Account are used, these RTCs shall be removed from the Regional NSR Holding Account.
 - (ii) For existing EGFs, that meet the definition of an existing facility, as defined in Rule 2000(c)(35), an amount of NOx RTCs equivalent to the EGF's NOx holdings as of September 22, 2015 adjusted pursuant to Rule 2002(f)(1) for all compliance years after the date of approval of the opt-out plan shall be surrendered by the EGF and retired from the market.

- (iii) Any NOx RTCs held by an EGF beyond those referred to in clauses (i) and (ii) above may be sold, traded, or transferred by the facility.
- (B) The EGF operator shall ensure that all equipment identified in the opt-out plan as meeting BACT or BARCT shall not exceed the respective BACT or BARCT levels of emissions or any existing permit condition limiting NOx emissions that is lower than BACT or BARCT as of the date of the opt-out plan submittal.
- (C) Limits on EGF Emissions
 - (i) For an EGF that meets the definition of an existing facility in Rule 2000(c)(35), total facility emissions shall be limited to the amount of Compliance Year 2015 RTCs held as of September 22, 2015.
 - (ii) For an EGF that does not meet the definition of an existing facility in Rule 2000(c)(35), emissions from each NOx source shall be limited to the amount of RTCs required to be held for that source pursuant to Rule 2005 as of the date of opt-out plan approval.
- (D) The owner or operator of multiple EGFs under common control shall have one opportunity to apportion the NOx emission limits among its facilities under common control for the purpose of meeting the requirements of clause (C)(i) or (C)(ii) as part of its opt-out plan as specified in paragraph (g)(1), provided all of the facilities opt out concurrently. The apportionment shall be described in the opt-out plan that shall be submitted to the Executive Officer. Each facility shall not have a limit that exceeds the amount of emissions that can be generated by all equipment located at the facility.
- (E) Subdivision (j) shall not be applicable to the EGF for any equipment installed or modified after the date of approval of the opt-out plan, and for other equipment at the earliest practicable date but no later than three years after the date of approval of the opt-out plan except Regulation XIII – New Source Review shall apply upon permit issuance.

- (F) Notwithstanding the requirements specified in subparagraph (g)(2)(E), the EGF operator shall continue to comply with the requirements of Rule 2012 and its associated protocols unless the Executive Officer has approved an alternative monitoring and recordkeeping plan which is sufficient to determine compliance with all applicable rules.
 - (G) Notwithstanding the requirements specified in subparagraph (g)(2)(E), for EGFs not subject to Regulation XXX, the EGF's permit shall be re-designated as an "opt-out facility permit" and shall remain in effect, subject to annual renewal, unless expired, revoked, or modified pursuant to applicable rules. The EGF operator shall continue to pay RECLAIM permit fees pursuant to Rule 301(1).
- (3) The Executive Officer shall approve or deny the opt-out plan within 180 days of receipt of a complete plan, unless the EGF and the Executive Officer have mutually agreed upon a longer time period. The Executive Officer shall not approve the opt-out plan unless it has been determined that the requirements of subparagraphs (g)(1)(A) and (g)(1)(B) are met, and the EGF accepts appropriate permit conditions to ensure compliance with the requirements of subparagraphs (g)(2)(B) through (H). If, within 180 days or within the mutually agreed upon time period of receiving a complete opt-out plan, the Executive Officer does not take action on the plan, the EGF may consider the plan denied. Executive Officer denial of an opt-out plan can be appealed to the Hearing Board. The Executive Officer shall not re-issue the facility permit removing the EGF from RECLAIM unless the EGF surrenders the required amount of RTCs pursuant to subparagraph (g)(2)(A). Removal from RECLAIM of an EGF with an approved opt-out plan is effective upon issuance of a facility permit incorporating the conditions specified in paragraph (g)(2).
- (4) No facility, on the initial Facility Listing or subsequently admitted to RECLAIM, may opt out of the program, unless approved by the Executive Officer pursuant to paragraph (g)(3).

- (h) Non-RECLAIM Facility Generation of RTCs
Non-RECLAIM facilities may not obtain RTCs due to a shutdown or curtailment of operations which occurs after October 15, 1993. ERCs generated by non-RECLAIM facilities may not be converted to RTCs if the ERCs are based on a shutdown or curtailment of operations after October 15, 1993.
- (i) Exemptions
- (1) The following sources, including those that are part of or located on a Department of Defense facility, shall not be included in RECLAIM and are prohibited from electing to enter RECLAIM:
- (A) dry cleaners;
 - (B) fire fighting facilities;
 - (C) construction and operation of landfill gas control, processing or landfill gas energy recovery facilities;
 - (D) facilities which have converted all sources to operate on electric power prior to October 15, 1993;
 - (E) police facilities;
 - (F) public transit;
 - (G) restaurants;
 - (H) potable water delivery operations;
 - (I) facilities located in the Riverside County portions of the Salton Sea and Mojave Desert Air Basins, except for a facility that has elected to enter the RECLAIM program pursuant to subparagraph (i)(2)(M); and
 - (J) facilities that have permanently ceased operations of all sources before January 1, 1994.
 - (K) The facility was removed from RECLAIM pursuant to paragraph (g)(3).
- (2) The following sources, including those that are part of or located on a Department of Defense facility, shall not be initially included in RECLAIM but may enter the program pursuant to subdivision (f):
- (A) electric utilities (exemption only for the SO_x program);
 - (B) equipment rental facilities;
 - (C) facilities possessing solely "various location" permits;
 - (D) hospitals;

- (E) prisons;
 - (F) publicly owned municipal waste-to-energy facilities;
 - (G) portions of facilities conducting research operations;
 - (H) schools or universities;
 - (I) sewage treatment facilities which are publicly owned and operated consistent with an approved regional growth plan;
 - (J) electric power generating systems owned and operated by the City of Burbank, City of Glendale or City of Pasadena or any of their successors;
 - (K) ski resorts;
 - (L) facilities located on San Clemente Island;
 - (M) any electric generating facility that has submitted complete permit applications for all equipment requiring permits at the facility on or after January 1, 2001 may elect to enter the NO_x RECLAIM program if the facility is located in the Riverside County portions of the Salton Sea or Mojave Desert Air Basins;
 - (N) facilities that are an agricultural source as defined in California Health and Safety Code § 39011.5; and
 - (O) any EGF as defined in paragraph (g)(1), except for an EGF that has been removed from NO_x RECLAIM, pursuant to paragraph (g)(3).
- (j) **Rule Applicability**
- Facilities operating under the provisions of the RECLAIM program shall be required to comply concurrently with all provisions of District rules and regulations, except those provisions applicable to NO_x emissions under the rules listed in Table 1, shall not apply to NO_x emissions from NO_x RECLAIM facilities, and those provisions applicable to SO_x emissions of the rules listed in Table 2 shall not apply to SO_x emissions from SO_x RECLAIM facilities after the later of the following:
- (1) December 31, 1994 for Cycle 1 facilities and June 30, 1995 for Cycle 2 facilities; or
 - (2) the date the facility has demonstrated compliance with all monitoring and reporting requirements of Rules 2011 or 2012, as applicable.

Notwithstanding the above, NO_x and SO_x RECLAIM facilities shall not be required to comply with those provisions applicable respectively to NO_x and SO_x emissions of the listed District rules in Tables 1 and 2 which have initial implementation dates in 1994. The Facility Permit holder shall comply with all other provisions of the rules listed in Table 1 and 2 relating to any other pollutant.

Table 1

EXISTING RULES
NOT APPLICABLE TO RECLAIM FACILITIES FOR
REQUIREMENTS PERTAINING TO NO_x EMISSIONS

RULE	DESCRIPTION
218	Stack Monitoring
429	Start-up & Shutdown Exemption Provisions for NO _x
430	Breakdown Provision
474	Fuel Burning Equipment - NO _x
476	Steam Generating Equipment
1109	Emis. of NO _x Boilers & Proc. Heaters in Petroleum Refineries
1110	Emis. from Stationary I. C. Engines (Demo.)
1110.1	Emis. from Stationary I. C. Engines
1110.2	Emis. from Gaseous and Liquid-Fueled I. C. Engines
1112	Emis. of NO _x from Cement Kilns
1117	Emis. of NO _x from Glass Melting Furnaces
1134	Emis. of NO _x from Stationary Gas Turbines
1135	Emis. of NO _x from Electric Power Generating Systems
1146	Emis. of NO _x from Boilers, Steam Generators, and Proc. Heaters
1146.1	Emis. of NO _x from Small Boilers, Steam Generators, and Proc. Heaters
1159	Nitric Acid Units - Oxides of Nitrogen
Reg. XIII	New Source Review

Table 2

EXISTING RULES
NOT APPLICABLE TO RECLAIM FACILITIES FOR
REQUIREMENTS PERTAINING TO SO_x EMISSIONS

RULE	DESCRIPTION
53	Sulfur Compounds - Concentration - L.A. County
53	Sulfur Compounds - Concentration - Orange County
53	Sulfur Compounds - Concentration - Riverside County
53	Sulfur Compounds - Concentration - San Bernardino County
53A	Specific Contaminants - San Bernardino County
218	Stack Monitoring
430	Breakdown Provisions
407	Liquid and Gaseous Air Contaminants
431.1	Sulfur Content of Gaseous Fuels
431.2	Sulfur Content of Liquid Fuels
431.3	Sulfur Content of Fossil Fuels
468	Sulfur Recovery Units
469	Sulfuric Acid Units
1101	Secondary Lead Smelters/Sulfur Oxides
1105	Fluid Catalytic Cracking Units SO _x
1119	Petroleum Coke Calcining Operations - Oxides of Sulfur
Reg. XIII	New Source Review