

**RULE 2201 NEW AND MODIFIED STATIONARY SOURCE REVIEW RULE (Adopted September 19, 1991; Amended March 11, 1992; Amended October 29, 1992; Amended December 17, 1992)**

**1.0 Purpose**

The purpose of this rule is to provide for the following:

- 1.1 The review of new and modified stationary sources of air pollution and provide mechanisms including emission trade offs by which Authorities to Construct such sources may be granted, without interfering with the attainment or maintenance of ambient air quality standards;
- 1.2 Relief from offset requirements where a growth allowance provides for emissions reduction equal to or greater than those emissions reductions which would be obtained from offsets pursuant to the full application of this rule; and
- 1.3 No net increase in emissions from new and modified stationary sources of all nonattainment pollutants and their precursors except for PM<sub>10</sub>.

**2.0 Applicability**

This rule shall apply to all new stationary sources and all modifications to existing stationary sources which are subject to the District permit requirements and after construction emit or may emit one or more affected pollutant. The requirements of this rule in force on the date the application is determined to be complete by the APCO shall apply to such application.

**3.0 Definitions**

- 3.1 Actual Emissions: measured or estimated emissions which most accurately represent the emissions from an emissions unit.
- 3.2 Actual Emissions Reductions (AER): the reductions of actual emissions from an emissions unit selected for emission offsets or banking, from the baseline period. Actual emissions reductions shall be calculated pursuant to Section 6.0 of this rule and meet the following criteria:
  - 3.2.1 Shall be real, enforceable, quantifiable, and permanent.
  - 3.2.2 For actual emission reductions which result from early implementation of Best Available Retrofit Control Technology (BARCT) on an operation identified in the California Clean Air Act Plan as required by Section 40919(a)(4) of the Health and Safety Code, only 25% of such emission

reductions shall be eligible as actual emission reductions. For a permitting action to be considered as an early implementation of BARCT, all of the following conditions must be met:

- 3.2.2.1 application for an Authority to Construct for the modification must be deemed complete after the adoption of the California Clean Air Act Plan and before the regulatory measure is placed on the annual list of control measures scheduled, or tentatively scheduled for consideration during the following year pursuant to Section 40923(a) of the Health and Safety code;
  - 3.2.2.2 the reductions are achieved and demonstrated prior to the final compliance date specified in the adopted applicable prohibitory rule; and
  - 3.2.2.3 the Authority to Construct shall be implemented within two (2) years of issuance of the original Authority to Construct.
- 3.2.3 Shall be in excess of any emissions reduction which, at the time the application for an Authority to Construct is deemed complete:
- 3.2.3.1 is required or encumbered by any laws, rules, regulations, agreements, orders ; (This provision does not include controls required by this rule.)
  - 3.2.3.2 is attributed to a control measure noticed for workshop, or proposed or contained in a State Implementation plan, except for reductions outlined in Section 3.2.2; (This provision does not include controls required by this rule.)  
or
  - 3.2.3.3 is proposed in the District's adopted air quality plan for attaining the reductions required by the California Clean Air Act except for reductions outlined in Section 3.2.2.
- 3.2.4 Emissions reductions attributed to a proposed control measure, which are excluded pursuant to Section 3.2.3.2 and 3.2.3.3 may be re-eligible as actual emission reductions in the following circumstances:
- 3.2.4.1 for control measures identified in the District Air Quality Plan or State Implementation Plan, no rule has been adopted within two (2) years from the scheduled adoption

date, provided however the APCO has not extended the scheduled adoption date.

3.2.4.2 for control measures not identified in the District Air Quality Plan or State Implementation Plan, no rule has been adopted within two (2) years from the date of the latest public workshop notice.

3.3 AFC: application for certification.

3.4 **Affected Pollutants:** those pollutants for which an ambient air quality standard has been established by the Environmental Protection Agency or by the ARB and the precursors to such pollutants, and those pollutants regulated by the Environmental Protection Agency under the Federal Clean Air Act or by the ARB under the Health and Safety Code including VOCs, NO<sub>x</sub>, SO<sub>x</sub>, PM<sub>10</sub>, CO, ethylene, lead, asbestos, beryllium, mercury, vinyl chloride, fluorides, sulfuric acid mist, hydrogen sulfide, total reduced sulfur, and reduced sulfur compounds, and those pollutants which the Environmental Protection Agency, after due process, or the ARB or the District, after public hearing, determine may have a significant adverse effect on the environment, the public health, or the public welfare.

3.5 **Ambient Air Quality Standards:** include State and National Ambient Air Quality Standards. (In the inclusion of this rule in the State Implementation Plan, all references in this rule to ambient air quality standard shall be interpreted as National Ambient Air Quality Standards.)

3.6 Baseline Date for each county shall be as follows:

COUNTY	BASELINE DATE
San Joaquin County	May 29, 1979
Stanislaus County	June 19, 1979
Merced, Madera, or Kings County	May 21, 1979
Fresno County (Oil Fields)	September 20, 1983
Fresno County all other sources	January 1, 1977
Tulare County	June 26, 1979
Kern County (Heavy Oil Production)	September 12, 1979 June 22, 1987 for heavy oil production operations with negative cumulative net emissions change as of June 22, 1987
Kern County all other stationary sources	December 28, 1976

3.7 Baseline Period:

- 3.7.1 two (2) consecutive years of operation immediately prior to the submission of the complete application;
- 3.7.2 another time period of at least two (2) consecutive years within five (5) years immediately prior to the submission of the complete application determined by the APCO as more representative of normal source operation;
- 3.7.3 a shorter period of at least one (1) year in cases where the emissions unit has not been in operation for two (2) years so long as this represents the full operation history of the stationary source; or
- 3.7.4 emissions units which have been in operation for less than one (1) year shall have no baseline period for determining actual emissions reductions.

- 3.8 **Best Available Control Technology (BACT):** is the most stringent emission limitation or control technique of the following:
- 3.8.1 Has been achieved in practice for such emissions unit and class of source; or
  - 3.8.2 Is contained in any State Implementation Plan approved by the Environmental Protection Agency for such emissions unit category and class of source. A specific limitation or control technique shall not apply if the owner or operator of the proposed emissions unit demonstrates to the satisfaction of the APCO that such limitation or control technique is not presently achievable; or
  - 3.8.3 Is any other emission limitation or control technique, including process and equipment changes of basic or control equipment, found by the APCO to be technologically feasible for such class or category of sources or for a specific source, and cost effective as determined by the APCO.
- 3.9 **Best Available Retrofit Control Technology (BARCT):** defined by the Health and Safety Code as "an 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." Upon adoption of the District's Air Quality Attainment Plan, BARCT shall not be less stringent than the BARCT determination for the same source category included in the most recent plan.
- 3.10 **Cargo Carriers:** trains dedicated to a specific stationary source and vessel dockside activities as defined in 45 Federal Register 52696 (August 7, 1980) for vessels dedicated to a specific stationary source. Motor vehicles as defined by the Vehicle Code of the State of California are not considered cargo carriers.
- 3.11 **Complete Application:** an application for an Authority to Construct a new or modified emissions unit which has been evaluated and found to conform with a list of required information which was adopted by the District pursuant to Article 3, Sections 65940 through 65944 of Chapter 4.5 of Division 1 of Title 7 of the Government Code, as that list exists on the date on which the application is received.
- 3.12 **Concurrent Stationary Source Modification:** the simultaneous modification of emissions units and/or addition of new emissions units to a stationary source with all emission reductions occurring after the issuance of the Authority to Construct authorizing such reductions, but before the start of operation of the new or modified emissions unit with emission increase(s).

- 3.13 **Contiguous or Adjacent Property:** a property consisting of two (2) or more parcels of land with a common point or boundary, or separated solely by a public roadway or other public right-of-way.
- 3.14 **Community Bank Offsets:** that sum of legally enforceable emission reductions which has been accumulated by the District in accordance with all requirements of this rule, Rule 2301 (Emission Reduction Credit Banking), and Rule 2302 (Community Banking).
- 3.15 **Daily Emissions Limitation (DEL):** one (1) or a combination of permit conditions specific to an emissions unit which restrict(s) its maximum daily emissions, in pounds per day, at or below the emissions associated with the maximum design capacity. A daily emissions limitation must be:
- 3.15.1 Contained in the latest Authority to Construct and contained in or enforceable by the latest Permit to Operate for the emissions unit;
  - 3.15.2 Enforceable on a daily basis;
  - 3.15.3 Established pursuant to a permitting action occurring after the baseline date and used in the calculation of the New Sources Review balance or the increase in permitted emissions; and
  - 3.15.4 For Kern County, established pursuant to an Authority to Construct or Permit to Operate issued after June 22, 1987 for nonfuel-fired heavy oil production emissions units, August 21, 1990 for fuel-fired heavy oil production emissions units or the baseline date for all other emissions units and used in the calculation of the New Sources Review balance or the increase in permitted emissions.
- 3.16 **Emissions Unit:** an identifiable operation or piece of process equipment such as a source operation which emits, may emit, or results in the emissions of any affected pollutant directly or as fugitive emissions.
- 3.17 **Functionally Identical Replacement:** the replacement of or modification of an emissions unit where the replacement unit serves the identical function as the unit being replaced, and the maximum rating and the potential to emit any pollutant will not be greater from the new or modified emissions unit than the replaced unit, when the replaced emissions unit is operated at the same permitted conditions and as if current BACT were applied.
- 3.18 **Heavy Oil:** crude oil having an American Petroleum Institute gravity of 20 degrees or less as determined by test method ASTM 287-82.

- 3.19 **Identical Replacement:** the total or partial replacement of an emissions unit where the replacement unit is the same as the original emissions unit in all respects except for the serial number.
- 3.20 **Major Modification:** the modification of an existing non major stationary source which increases the potential to emit from the entire stationary source to the levels specified in Subsection 3.21. Also, major modification is the modification of a major stationary source which results in an increase in permitted emissions as calculated in Subsection 6.7. of more than 25 tons per year of NO<sub>x</sub>, or 25 tons per year of VOCs, or 15 tons per year of SO<sub>x</sub>, or 15 tons per year of PM<sub>10</sub>, or 50 tons per year of CO when aggregated with all other increase in emissions from the stationary source authorized within 5 consecutive years before commencement of construction of the proposed stationary source modification.
- 3.21 **Major Source:** a stationary source with a potential to emit 50 tons or more per year of VOCs or NO<sub>x</sub>, or 100 tons or more year of CO, or 70 tons or more per year of PM<sub>10</sub>, or SO<sub>x</sub>.
- 3.22 **Modification:**
- 3.22.1 Any change in hours of operation, change in production rate, or change in method of operation, of an existing emissions unit which would necessitate a change in permit conditions;
- 3.22.2 Any structural change or addition to an existing emissions unit which would necessitate a change in permit conditions. Routine maintenance or repair shall not be considered to be a structural change;
- 3.22.3 An increase in emissions from an emissions unit caused by a modification of the stationary source and the emissions unit is not subject to a daily emissions limitation; or
- 3.22.4 A modification to a stationary source shall include any modification of its permitted emissions units or addition of any new emissions units.
- 3.22.5 A reconstructed stationary source shall be treated as a new stationary source and not as a modification.
- 3.22.6 Unless previously limited by a permit condition, the following shall not be considered a modification and shall not be subject to the provisions of this rule:

- 3.22.6.1 identical replacements;
  - 3.21.6.2 a change in ownership of an existing emissions unit with valid Permit to Operate provided that the APCO determines that all applicable offset provisions required by the Permit to Operate will be met;
  - 3.22.6.3 a change in ownership of an entire existing stationary source with a valid Permit to Operate;
  - 3.22.6.4 a change which consists solely of a transfer of location of an emissions unit within a stationary source, except for a transfer of location of an oil field fuel-burning equipment.
  - 3.22.6.5 a change which consists solely of a transfer of location of an oil field fuel- burning equipment within the area described in Section 4.3.4. For a transfer of location within a stationary source of oil field fuel-burning equipment outside the area described in Section 4.3.4 only the requirements of Section 4.3.4 shall apply;
- 3.23 **Potential to Emit:** the maximum capacity of an emissions unit to emit a pollutant under its physical and operational design. Any physical or operational limitation on the capacity of the source to emit a pollutant, including pollution control equipment and restrictions in hours of operation or on the type or amount of material combusted, stored, or processed, shall be treated as part of its design only if the limitation or the effect it would have on emissions is incorporated into the applicable permit as an enforceable permit condition.
- 3.24 **PM<sub>10</sub>:** particulate matter with an aerodynamic diameter smaller than or equal to a nominal ten (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).
- 3.25 **Precursor:** a directly emitted air contaminant that, when released into the atmosphere, forms or causes to be formed or contributes to the formation of a secondary air contaminant 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
Volatile Organic Compounds	a. Photochemical oxidants (Ozone) b. The organic fraction of PM <sub>10</sub>
Nitrogen Oxides	a. Nitrogen Dioxide b. The nitrate fraction of PM <sub>10</sub> c. Photochemical oxidants (Ozone)
Sulfur Oxides	a. Sulfur dioxide b. Sulfates c. The sulfate fraction of PM <sub>10</sub>

- 3.26 Quarter: for a non-seasonal source is defined as a calendar quarter. For a seasonal source, quarter is defined as the entire operating season.
- 3.27 Reasonable Further Progress: the annual incremental schedule of emissions reductions of a pollutant sufficient to provide for the attainment of the National Ambient Air Quality Standard for such pollutant by the date required by the federal Clean Air Act. Such an annual incremental schedule which is judged by the U.S. Environmental Protection Agency Administrator to be insufficient to provide for attainment of the National Ambient Air Quality Standard shall not be reasonable further progress.
- 3.28 Reconstructed Source: any stationary source undergoing reconstruction where the fixed capital cost of the new components exceeds 50% of the fixed capital cost of a comparable, entirely new stationary source. Fixed capital cost is the capital needed to provide all depreciable components. A reconstructed stationary source shall be treated as a new stationary source and not as a modification.
- 3.29 Seasonal Source: any Stationary Source with more than 90% of its annual emissions occurring within a consecutive 120 day period.
- 3.30 Specific Limiting Condition (SLC): a maximum daily emission limitation in pounds per day directly limiting the sum of emissions from two (2) or more emissions units provided that all of the following conditions are met:
- 3.30.1 SLCs shall be enforceable on a daily basis. To be considered enforceable on a daily basis, SLCs for fuel-fired equipment used in oil production operations in Kern County shall comply with requirements of Kern County Policy dated August 21, 1990, entitled "Compliance Requirements for Oil Production Fuel Fired Equipment with Specific Limiting Conditions;

- 3.30.2 SLCs must have been used to establish the cumulative net emission change for the stationary source; and
  - 3.30.3 SLCs shall be contained in the Authority to Construct and Permit to Operate for each emissions unit. For oil production operations in Kern County, the original Authority to Construct must have been issued prior to August 21, 1990.
- 3.3 Stationary Source: any building, structure, facility, or installation which emits or may emit any affected pollutant directly or as a fugitive emission. Building, structure, facility or installation includes all pollutant emitting activities including emissions units which:
- 3.31.1 Are located on one (1) or more contiguous or adjacent properties; and
  - 3.31.2 Are under the same or common ownership or operation, or which are owned or operated by entities which are under common control; and
  - 3.31.3 Belong to the same industrial grouping either by virtue of falling within the same two-digit standard industrial classification code or by virtue of being part of a common industrial process, manufacturing process, or connected process involving a common raw material; or
  - 3.31.4 Are located on one or more properties wholly within either the Western Kern County Oil Fields or the Central Kern County Oil Fields or Fresno County Oil Fields and are used for the production of light oil, heavy oil or gas. Notwithstanding the provisions of this definition, light oil production, heavy oil production, and gas production shall constitute separate stationary sources.
- 3.32 Temporary Replacement Emissions Unit (TREU): an emissions unit on site for less than 180 days that replaces an existing emissions unit which is shutdown for maintenance or repair. Emissions from a TREU must not exceed emissions from the existing emissions unit. An emissions unit not removed within 180 days is not a TREU.
- 3.33 Upwind Area: the area bounded by a line passing through the site of the new or modified source perpendicular to the predominant summer wind flow line and extending to the boundaries of the same air basin in the direction opposite the predominant summer wind flow. The wind flow lines used in this rule shall be those shown on the following map in Figure 1, entitled "Predominant Summer Wind Flow for the San Joaquin Valley Air Basin". In the event the APCO

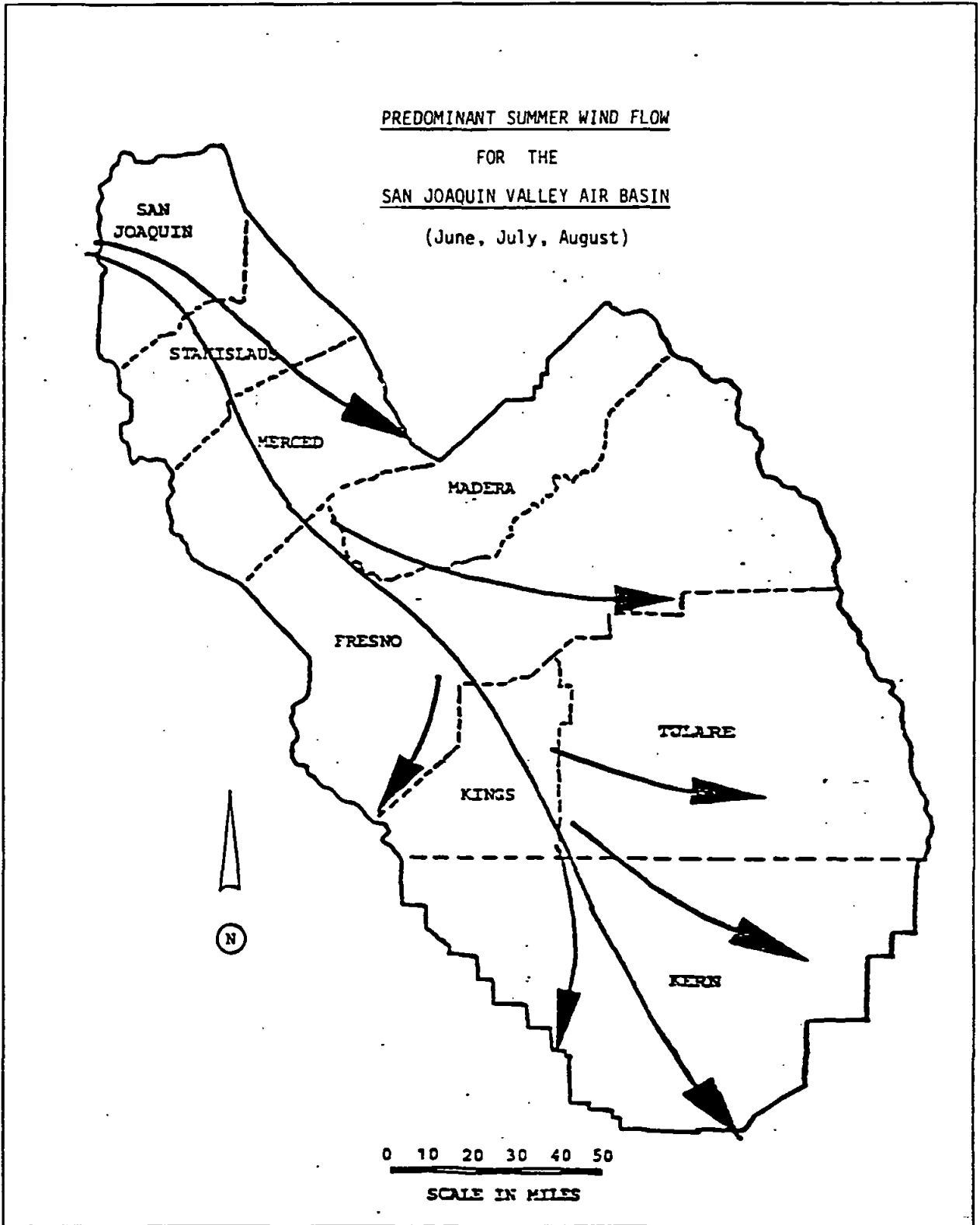


Figure 1 Predominant Summer Wind Flow - San Joaquin Valley Air Basin (June-July-August)

determines that for reasons of topography or meteorology that such a definition or map is inappropriate, a different definition or map acceptable to the APCO shall be used.

#### 4.0 Source Requirements

##### 4.1 Best Available Control Technology (BACT):

4.1.1 An applicant shall apply BACT to a new emissions unit or modification of an existing emissions unit which results in an increase from historic actual emissions as calculated pursuant to Section 6.3, except for the following:

4.1.1.1 a new emissions unit or modification of an existing emissions unit for which the stationary source's NSR balance as calculated pursuant to Section 6.0 does not exceed the following quantities:

POLLUTANT	POUNDS PER DAY
carbon monoxide in attainment areas	550
lead	3.2
asbestos	0.04
beryllium	0.0022
mercury	0.55
vinyl chloride	5.48
fluorides	16.44
sulfuric acid mist	38.35
hydrogen sulfide or total reduced sulfur or sulfur compounds (other than sulfur oxides)	54.79

4.1.1.2 cargo carriers;

4.1.1.3 a new emissions unit or modification of an existing emissions unit, solely for the purpose of compliance with District, State, or Federal air pollution control laws, regulations, or orders, as approved by the APCO, and provided there is no increase in maximum rating. This exemption only applies to the pollutant regulated by the

applicable prohibitory rule, unless the prohibitory rule specifically exempts the emissions of other pollutants from the requirements of this rule;

4.1.1.4 new emissions unit or modification of an existing emissions unit for voluntary reduction in emissions, for the sole purpose of generating emission reduction credits. This exemption applies only to the pollutant for which emission reduction credits are obtained. BACT may be required for other affected pollutants;

4.1.1.5 temporary replacement emissions units; or

4.1.1.6 modifications which consist solely of administrative changes to the permit, changes to the continuous monitoring components or other instruments, or replacement of components of an emissions unit, which have no effect on the quantity of pollutants emitted from an emissions unit.

## 4.2 Offsets

### 4.2.1 Exemptions

Offsets shall not be required for:

4.2.1.1 increases in carbon monoxide in attainment areas if the applicant demonstrates to the satisfaction of the APCO, pursuant to Section 4.3.2.1, that the Ambient Air Quality Standards are not violated in the areas to be affected, and such emissions will be consistent with reasonable further progress, and will not cause or contribute to a violation of Ambient Air Quality Standards.

4.2.1.2 emergency equipment that is used exclusively as emergency standby equipment for non-utility electric power generation or any other emergency equipment as approved by the APCO that does not operate more than 200 hours per year and is not used in conjunction with any utility voluntary demand reduction program. Equipment exempted by this section shall submit a written record of hours of operation on annual basis to receive continued exemption from the offset requirements.

- 4.2.1.3 an emissions unit operated for the first time within the District after September 19, 1991 and which is periodically relocated, provided that all of the following conditions are met:
- 4.2.1.3.1 the unit is not used more than 120 days at any one (1) stationary source within a 12 month period.
  - 4.2.1.3.2 the unit is not used as a replacement of an emissions unit which operates more than 120 days at any one (1) stationary source within a 12 month period.
  - 4.2.1.3.3 all increases in permitted emissions from the unit for all allowable operating days throughout the entire District were offset at the initial site.
- 4.2.1.4 on site soil or groundwater decontamination performed by, under the jurisdiction of, or pursuant to the requirements of an authorized health officer, agricultural commissioner, fire protection officer, or other authorized government officers, provided emissions do not exceed two (2) tpy of any affected pollutant from all emissions units associated with decontamination project.
- 4.2.1.5 A transfer of location of an entire stationary source within a county, under the same operator and owner and provided the potential to emit of any affected pollutant will not be greater at the new location than at the previous location when all emissions units are operated at the same permitted conditions and as if current BACT were applied.
- 4.2.1.6 A new emissions unit or modification of an existing emissions unit, solely for the purpose of compliance with District, State, or Federal air pollution control laws, regulations, or orders as approved by the APCO, and provided there is no increase in maximum rating. This exemption only applies to the pollutant regulated by the applicable prohibitory rule, unless the prohibitory rule specifically exempts the emissions of other pollutants from the requirements of this rule.

4.2.1.7 modifications which consist solely of administrative changes to the permit, changes to the continuous monitoring components, or other instruments which have no effect on the quantity of pollutants emitted from an emissions unit.

4.2.1.8 temporary replacement emissions units.

4.2.1.9 gasoline motor vehicle refueling facilities and dry cleaning facilities. The APCO shall mitigate the increase in emissions from new and modified sources for gasoline motor vehicle refueling facilities and dry cleaning facilities using surplus emission reductions in accordance with the procedures in Section 9.0 of this rule.

#### 4.2.2 Offset Requirements for PM<sub>10</sub>, SO<sub>x</sub>, and in attainment areas for CO

4.2.2.1 effective September 19, 1991 a new or modified stationary source with a stationary source NSR balance, calculated pursuant to Section 6.0, exceeding the following values, except as provided in Section 4.2.2.2, shall provide offsets for the entire stationary source's NSR balance, unless exempted pursuant to Section 4.2.1:

POLLUTANT	POUNDS PER DAY
sulfur oxides	150
PM <sub>10</sub>	80
carbon monoxide in attainment areas	550

After a stationary source has exceeded these levels and provided emissions reductions that fully offset the stationary source's NSR balance to zero, that stationary source must offset any further increase in permitted emissions from the stationary source.

4.2.2.2 an existing stationary source with a NSR balance, as calculated pursuant to Section 6.0 of this rule, exceeding 150 lb/day of SO<sub>2</sub>, 80 lb/day of PM<sub>10</sub>, or in attainment areas exceeding 550 lb/day of CO as of August 22, 1989 shall offset all increases in permitted emissions from the stationary source calculated since August 22, 1989.

4.2.2.3

the PM<sub>10</sub> emissions from an existing stationary source shall be recalculated from the total suspended particulate emission increases and decreases which have occurred since the baseline date, using PM<sub>10</sub> emission factors. When PM<sub>10</sub> emissions factors do not exist, assume 50% of the total suspended particulates is PM<sub>10</sub>.

If the applicant has provided full offsets for total suspended particulate matter emissions occurring since the baseline date, but before August 22, 1989, those total suspended particulate matter emissions need not be recalculated as PM<sub>10</sub>. However, any subsequent increase in PM<sub>10</sub> emissions must be offset.

4.2.2.4

quantity of offsets

a new or modified stationary source which is subject to the offset requirements shall provide offsets by actual emission reductions equal to the stationary source's NSR balance on a quarterly basis since the baseline date times the appropriate offset ratio. All increases in emissions associated with cargo carriers since the baseline date shall also be offset for affected pollutants for which the stationary source's NSR balance, without the cargo carrier emissions, exceed the offset trigger levels cited in Section 4.2.2.1. The quantity of offsets shall be determined on a quarterly basis using the calculation procedures in Section 6.6.

4.2.3 Offset Requirements for NO<sub>x</sub>, VOC, and in nonattainment areas for CO.

Effective September 19, 1991, offsets shall be provided for all increases in permitted emissions from a new or modified stationary source, unless exempted pursuant to Section 4.2.1.



4.2.3.1 quantity of offsets

a new or modified stationary source which is subject to the offset requirements shall provide offsets by actual emissions reductions equal to the increase in permitted emission calculated for the stationary source, times the appropriate offset ratio, for any new or modified emissions unit since September 19, 1991. All emissions increase from cargo carriers associated with a new or modified emissions unit shall also be offset. The quantity of offsets shall be determined on a quarterly basis using the calculation procedures in Section 6.6.

4.2.4 Offset Ratio

A new or modified stationary source which is subject to the offset requirements of this rule shall provide offsets by obtaining emission reductions in accordance with the offset ratios listed in Table 1:

Table 1  
Offset Ratio for NO<sub>x</sub>, VOCs and CO in Nonattainment Areas

LINE	LOCATION	OFFSET RATIO
1.	Within the same source or from the Community Bank	1 to 1
2.	Within 15 miles of the same source	1.2 to 1
3.	Within 15 to 50 miles of the source and within the air basin	2 to 1
4.	Upwind of the source more than 50 miles and within the air basin	3 to 1
5.	None available or more than 50 miles downwind	Application is denied

4.2.5 Offset Requirements

Offsets obtained subject to this rule shall comply with the following provisions:

4.2.5.1 existing major source shutdowns or permanent curtailments in production or operating hours of a major source occurring before the new source application is filed may

not be used as offsets for emissions from a major source or a major modification, unless the applicant can establish to the satisfaction of the APCO that the shutdown or curtailed production occurred after August 7, 1977 and that the proposed new source or modification is a replacement for the shutdown or curtailment.

- 4.2.5.2 offsets in a County other than that in which the proposed source is located may be used only if the APCO has reviewed the permit conditions issued by the County in which the proposed offsets are obtained and certifies that such offsets meet the requirements of this rule.
- 4.2.5.3 Interpollutant offsets may be approved by the APCO on a case-by-case basis, provided that the applicant demonstrates to the satisfaction of the APCO, in accordance with the provisions of Section 4.3.2 of this rule, that the emission increases from the new or modified source will not cause or contribute to a violation of an ambient air quality standard. In such cases, the APCO shall, based on an air quality analysis, impose offset ratios equal to or greater than the requirements, of this rule. In no case shall exempt compounds or the other compounds excluded from the definition of VOCs be used as offsets for VOCs. Interpollutant offsets between  $PM_{10}$  and  $PM_{10}$  precursors may be allowed.  $PM_{10}$  emissions shall not be allowed to offset  $NO_x$  or reactive organic compound emissions in ozone nonattainment areas, nor be allowed to offset  $SO_2$  emissions in sulfate nonattainment areas.
- 4.2.5.4 Offsets for new or modified seasonal sources are required in the same manner as for nonseasonal sources. The offsets for seasonal sources shall occur during the same time period as the seasonal source will operate. Offsets occurring during a different time period than that in which the proposed source will operate may be used subject to the approval of the APCO and the ARB.

#### 4.3 Additional Source Requirements:

##### 4.3.1 Alternative siting

For those sources for which an analysis of alternative sites, sizes, and production processes is required under Section 172 of the Federal Clean Air Act, the applicant shall prepare an analysis functionally equivalent to the requirements of Division 13, Section 21000 et. seq. of the Public Resources Code.

##### 4.3.2 Ambient Air Quality Standards

4.3.2.1 Emissions from a new or modified stationary source shall not cause or make worse the violation of an ambient air quality standard. In making this determination, the APCO shall take into account the increases in minor and secondary source emissions as well as the mitigation of emissions through offsets obtained pursuant to this rule. Modeling used for the purposes of this rule shall be consistent with the requirements contained in the most recent edition of EPA's "Guideline on Air Quality Models" unless the APCO finds such model is inappropriate for use. After making such a finding, the APCO may designate an alternative model only after allowing for public comments and only with the concurrence of the ARB or the EPA.

4.3.2.2 At the discretion of the APCO, a new or modified source which is not subject to the noticing requirements as outlined in Section 5.3.4 of this rule shall be exempted from the requirements of Section 4.3.2.1.

##### 4.3.3 Compliance by Other Owned, Operated, or Controlled Source

The owner or operator of a proposed new major source or major modification shall demonstrate to the satisfaction of the APCO that all 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 a schedule for compliance with all applicable emission limitations and standards.

#### 4.3.4 EPA Offset Requirements for Oil Field Stationary Sources

Offsets shall be required for all new or reconstructed emissions units and all modifications of existing emissions units (except as provided in Section 4.3.4.3 below) which are used for the production of oil and:

4.3.4.1 are expected to result together in emissions. Offset shall be required for the emissions from the new reconstructed or modified units with emissions from other oil production emissions units that are:

4.3.4.1.1 Owned, operated, or under the control of the applicant (or under common control of the applicant and other persons), including unconstructed installations for which an Authority to Construct has been issued after the baseline date; and

4.3.4.1.2 Located in the same USGS quarter section as the proposed new, reconstructed, or modified installation(s) and in the eight (8) immediately surrounding quarter sections, or located on the same, contiguous or adjacent properties or within a source as defined by Approvals to Construct/Modify issued by EPA between December 21, 1976 and June 30, 1979 whichever is the larger area; and in any of the following air contaminant (or precursors, as defined in Section 4.3.4.2) for which the area is designated nonattainment under Section 107 of the Clean Air Act: a net increase of 15 or more tons per year of PM-10 emissions, 40 or more tons per year of sulfur dioxide, or nitrogen dioxide emissions, 100 or more tons per year of carbon monoxide emissions; or

4.3.4.2 In the event no other oil production facilities exist as described in Section 4.3.4 which are expected to result in emissions of 100 or more tpy of any air contaminant (or precursors, as defined below) for which the area is designated nonattainment under Section 107 of the Clean Air Act

The following precursor-secondary air contaminant relationship shall be used for the purposes of section 4.3.4:

PRECURSOR	SECONDARY AIR CONTAMINANT
Volatile Organic Compounds	a. Photochemical oxidants by (Ozone)
Nitrogen Oxides	a. Nitrogen Dioxide Oxidant b. Photochemical Oxidant (Ozone)
Sulfur Oxides	a. Sulfur dioxide

4.3.4.3 New, reconstructed, and modified emissions units subject to Section 4.3.4 above shall be exempt from offsets if the applicant demonstrates through modeling that a significant air quality impact from these subject emissions units will not be an incremental increase in the following ambient air quality levels:

4.3.4.3.1 total suspended particulates or sulfur dioxide - 5.0 ug/m<sup>3</sup>, 24-hour average; 1.0 ug/m<sup>3</sup>, annual average;

4.3.4.3.2 carbon monoxide - 0.5 mg/m<sup>3</sup>, 8 hour average; 2 mg/m<sup>3</sup>, 1 hour average;

4.3.4.3.3 nitrogen dioxide - 1.0 ug/m<sup>3</sup>, annual average.

emissions units exempted under this provision shall not be exempt from offsets to the extent that such emissions units are subject to Sections 4.2.2 or 4.2.3.

(Note: The intent of Section 4.3.4 is to prevent the intensification of localized exceedances of National Ambient Air Quality Standards within the Central or Western Kern County or Fresno County fields oil production stationary sources.)

## 5.0 Administrative Requirements

5.1 The administrative requirements of this section shall be applied to all applications for a new or modified emissions unit except for applications for power plants

over 50 megawatts. For such power plants, the administrative requirements of Section 5.2 shall apply.

#### 5.1.1 Complete Application

The APCO shall determine whether the application is complete not later than 30 days after receipt of the application, or after such longer time as both the applicant and the APCO may agree. If the APCO 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 resubmittal of the application, a new 30 day period to determine completeness shall begin. Completeness of an application or resubmitted application shall be evaluated on the basis of the information requirements set forth in the District Rules and Regulations as they exist on the date on which the application or resubmitted application is received. Upon determination that the application is complete, the APCO shall notify the applicant in writing. The APCO may, during the processing of the application, request an applicant to clarify, amplify, correct, or otherwise supplement the information submitted in the application.

#### 5.1.2 Preliminary Decision

Following acceptance of an application as complete, the APCO shall perform the evaluations required to determine compliance with this rule and make a preliminary written decision as to whether an Authority to Construct should be approved, conditionally approved, or disapproved. The APCO shall deny any Authority to Construct if the APCO finds that the subject of the application would not comply with the standards set forth in this rule or any other District rule. The decision shall be supported by a succinct, written analysis.

#### 5.1.3 Notification and Publication of Preliminary Decision

5.1.3.1 Within ten (10) calendar days following the preliminary decision the APCO shall publish in at least one newspaper of general circulation in the District a notice stating the preliminary decision of the APCO, noting how pertinent information can be obtained, and inviting written public comment for a 30 day period following the date of publication.

5.1.3.2 The District shall transmit to the applicant its preliminary written decision, the APCO's analysis, and a copy of the

notice submitted for publication, no later than the date of publication as required in Section 5.1.3.1 above.

5.1.3.3 The District shall transmit to the ARB and the Environmental Protection Agency and to any person who requests such information its preliminary written decision, the APCO's analysis, and a copy of the notice submitted for publication, no later than the date of publication as required in Section 5.1.3.1 above.

5.1.3.4 Except for new major sources and major modifications, the requirements of sections 5.1.3.1, 5.1.3.2, and 5.1.3.3 above, relating to Notification and Publication of Preliminary Decisions, do not apply if the application is for a new or modified stationary source that has stationary source NSR balance less than 140 pounds per day of SO<sub>x</sub>, less than 70 pounds per day of PM<sub>10</sub>, and in attainment areas less than 550 pounds per day of CO. Furthermore, the requirements of sections 5.1.3.1, 5.1.3.2, and 5.1.3.3 above do not apply if the NSR balance exceeds the above trigger levels only for the pollutant(s) with increase in permitted emissions (IPE) equal to zero. Except for new major sources and major modifications, the requirements of sections 5.1.3.1, 5.1.3.2, and 5.1.3.3 above, relating to Notification and Publication of Preliminary Decisions, do not apply if the application is for a new or modified emissions unit that has an increase in permitted emissions of 100 pounds per day or less of VOCs, NO<sub>x</sub>, or CO in CO nonattainment areas.

#### 5.1.4 Public Inspection of Preliminary Decision Documents

No later than the time the notice of the preliminary decision is published, the APCO shall make available for public inspection at the District office the information submitted by the applicant and the APCO's analysis. Information submitted which contains trade secrets shall be handled in accordance with Rule 1030 (Confidential Information) of these Rules and Regulations, with Section 6254.7 of the Government Code, and with relevant sections of the Administrative Code of the State of California.

#### 5.1.5 Final Action

Within 180 days after acceptance of an application as complete, or within 180 days after the lead agency has approved the project under the

California Environmental Quality Act, whichever occurs later, the APCO shall take final action on the application after considering all written comments.

#### 5.1.6 Notification and Publication of Final Action

The APCO shall provide written notice of the final action to the applicant, the Environmental Protection Agency, and the ARB, and shall publish such notice in a newspaper of general circulation, except that for an application not subject to Section 5.1.3, the APCO shall not be subject to this section. In such a case, the applicant shall receive notification as provided in Rule 2040 (Applications).

#### 5.1.7 Public Inspection of Final Action Documents

No later than at the time that notice of final action is published, the ACPO shall make available for public inspection at the District office a copy of the notice submitted for publication and all supporting documents. Information submitted which contains trade secrets shall be handled in accordance with Rule 1030 (Confidential Information), with Section 6254.7 of the Government Code, and with relevant sections of the Administrative Code of the State of California.

#### 5.1.8 Authority to Construct - General Conditions

- 5.1.8.1 An Authority to Construct shall not be issued unless the new or modified source complies with the provisions of this rule and all other applicable District Rules and Regulations.
- 5.1.8.2 An Authority to Construct shall require that the new or modified source be built according to the specifications and plans contained in the application.
- 5.1.8.3 An Authority to Construct shall include all those conditions which the APCO deems necessary to assure construction and operation in the manner assumed in making the analysis to determine compliance with this rule.
- 5.1.8.4 An Authority to Construct shall include all those conditions relating to the satisfaction of the offset requirements of this rule.



### 5.1.9 Permit to Operate - General Conditions

- 5.1.9.1 A Permit to Operate shall require that the new source or modification be operated in the manner assumed in making the analysis to determine compliance with this rule and as conditioned in the Authority to Construct.
- 5.1.9.2 A Permit to Operate shall include daily emissions limitation and other enforceable conditions which reflect applicable emission limits including the offset requirements.
- 5.1.9.3 The APCO shall determine that all conditions specified in the Authority to Construct have been complied with. Conditions which have not been met at the time the Permit to Operate is issued shall be incorporated into the Permit to Operate.

### 5.1.10 Permit to Operate - Offset Conditions

- 5.1.10.1 As a condition for the issuance of a Permit to Operate, any source which provides offsets shall be subject to enforceable permit conditions containing specific operational and emissions limitations, which ensure that the emissions reductions will be provided in accordance with the provisions of this rule and shall continue for the reasonably expected life of the proposed source. Where the source of offsets is not subject to a permit, a written contract shall be required between the applicant and the owner or operator of such source, which contract, by its terms, shall be enforceable by the APCO. The permit and contract shall be submitted to the ARB to be forwarded to the Environmental Protection Agency as part of the State Implementation Plan. A violation of the emission limitation provisions of any such contract shall be chargeable to the applicant.
- 5.1.10.2 Offsets required as a condition of an Authority to Construct or a Permit to Operate shall commence not later than the date of initial operation of the new or modified source, except that where a new or modified stationary source is, in whole or in part, a replacement for an existing stationary source on the same or contiguous property the APCO may allow a maximum of 90 days as a start up period for

simultaneous operation of the existing stationary source and the new or replacement source.

- 5.2 The administrative requirements of this section shall be applied to all power plants over 50 megawatts 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. The APCO may apply for reimbursement of all costs incurred, including lost fees, in order to comply with the provisions of this section.

5.2.1 Intent to Participate and Preliminary Report

Within 14 days of receipt of a NOI, the APCO shall notify the ARB and the California Energy Commission of the District's intent to participate in the NOI proceeding. If the District chooses to participate in the NOI proceeding, the APCO shall prepare and submit a report to the ARB and the California Energy Commission prior to the conclusion of the nonadjudicatory hearings specified in Section 25509.5 of the Public Resources Code. The report shall include at least:

- 5.2.1.1 a preliminary specific definition of BACT for the proposed facility.
- 5.2.1.2 a preliminary discussion of whether there is substantial likelihood that the requirements of this rule and all other District rules can be satisfied by the proposed facility.
- 5.2.1.3 a preliminary list of conditions which the proposed facility must meet in order to comply with this rule or any other applicable District rules. The preliminary determinations contained in the report shall be as specific as possible within the constraints of the information contained in the NOI.

5.2.2 Equivalency of Application for Certification to Application for Authority to Construct

The APCO shall consider an Application for Certification (AFC) to be equivalent to an application for an Authority to Construct, and subject, as such, to all definitions and requirements of this rule.

5.2.3 Determination of Compliance Review

Upon receipt of an AFC for a power plant, the APCO shall conduct a Determination of Compliance review. This review shall determine whether an AFC is complete, and within 20 calendar days of receipt of the AFC, the APCO shall so inform the California Energy Commission and the applicant in writing. If the APCO determines that the application is not complete, the information required shall be specified, and the AFC shall be returned to the applicant for resubmittal. Upon receipt of any resubmittal of the application, a new 20 day period to determine completeness shall begin. Completeness of an application or resubmitted application shall be evaluated on the basis of the information requirements set forth in District Rules and Regulations as they exist on the date on which the application or resubmitted application is received.

#### 5.2.4 Need for Additional Information

The APCO may request from the applicant any information necessary for the completion of the Determination of Compliance review. If the APCO is unable to obtain the information, the APCO may petition the presiding Commissioner of the California Energy Commission for an order directing the applicant to supply such information.

#### 5.2.5 Preliminary Decision

Within 180 days of accepting an AFC as complete, the APCO shall make a preliminary written decision as to whether a Determination of Compliance Certification should be approved, conditionally approved, or disapproved. The APCO shall deny any Determination of Compliance Certification if the APCO finds that the subject of the application would not comply with the standards set forth in this rule or any other District rule. The decision shall be supported by a succinct, written analysis.

#### 5.2.6 Notification and Publication of Preliminary Decision

Notification and publication of the preliminary decision shall comply with all the requirements of Section 5.1.3.

#### 5.2.7 Public Inspection of Preliminary Decision Documents

Preliminary decision documents shall be made available for public inspection exactly as required by Section 5.1.4.

#### 5.2.8 Final Action

Within 240 days after acceptance of an application as complete, the APCO, after considering all written comments, shall take final action on the application, which action shall consist of the following:

5.2.8.1 the APCO, if all requirements of this rule are met, shall issue and submit to the California Energy Commission a Determination of Compliance, or advise the Commission that a Determination of Compliance cannot be issued.

5.2.8.2 notification and publication of final action shall be accomplished in accordance with Section 5.1.6.

5.2.8.3 public inspection of final action documents shall be provided for in accordance with Section 5.1.7.

5.2.9 Equivalency of Determination of Compliance to Authority to Construct  
A Determination of Compliance shall confer the same rights and privileges as an Authority to Construct provided that the California Energy Commission approves the Application for Certification and the certificate granted by the Commission includes all conditions of the Determination of Compliance.

5.2.10 Permit to Operate

The APCO shall issue a Permit to Operate to any applicant receiving a certificate from the California Energy Commission pursuant to this rule provided that the construction or modification is in compliance with all conditions of the certificate and of the Determination of Compliance, and provided that the Permit to Operate includes the conditions prescribed in Section 5.1.9, and that offsets are assured in accordance with Section 5.1.10.

6.0 Calculations

The following procedures shall be performed separately for each pollutant, and for each emissions unit or for a concurrent stationary source modification. All calculations shall be performed on a quarterly basis, unless specified otherwise.

6.1 Major steps:

6.1.1 Determine if BACT is required. (This step may be skipped if the applicant is proposing BACT or if the applicant is exempt from BACT. See Section 4.0 for specific exemptions from BACT requirements).

6.1.1.1 For NO<sub>x</sub>, VOC, PM<sub>10</sub>, SO<sub>x</sub> and in nonattainment areas for CO:

6.1.1.1.1 for new emissions units, BACT is required.

6.1.1.1.2 for modifications, determine if BACT is required by determining if there is an increase in emissions in accordance with the procedures in Section 6.3.

6.1.1.2 For other pollutants listed in Section 4.1.1.1, and in attainment areas for CO, BACT is required if the NSR balance as calculated pursuant to the procedures in Section 6.6 exceed the levels specified in Section 4.0.

6.1.2 Calculate the increase in permitted emissions in accordance with procedures in Section 6.4.

6.1.3 Calculate actual emissions reductions, except for concurrent stationary source modifications, in accordance with the procedures in Section 6.5.

6.1.4 For NO<sub>x</sub>, VOC, and in nonattainment areas for CO:

6.1.4.1 if the actual emissions reductions, after a ten (10) percent deduction for community bank allowance, are greater than the increase in permitted emissions, the difference can be banked in accordance with the provisions of Rule 2301 (Emission Reduction Credit Banking); or

6.1.4.2 if the actual emissions reductions, after a ten (10) percent deduction for community bank allowance, are less than the increase in permitted emissions, the applicant must provide offsets for the difference.

6.1.5 For  $PM_{10}$ ,  $SO_x$ , in attainment areas for CO, and other pollutants listed in Section 4.1.1.1:

6.1.5.1 calculate the NSR balance in accordance with procedures in Section 6.6.

6.1.5.2 actual emission reductions, at the option of the applicant and in accordance with the provisions of Rule 2301 (Emission Reduction Credit Banking) may be banked and added to the NSR balance, or used in reducing the NSR balance in accordance with procedures in Section 6.6.

6.1.5.3 if the NSR balance exceeds the offset trigger levels specified in Section 4.0, the applicant must provide offsets.

6.1.6 Perform calculations in Subsection 6.7 to determine if the project constitutes a new major source, or a major modification.

6.1.7 For all pollutants, if offsets are required, determine the quantity of offsets required in accordance with the procedures in Section 6.8.

6.1.8 Calculate community bank allowance pursuant to Section 7.0.

## 6.2 Terms

The following terms are used in this section and are defined as follows:

6.2.1 HAE = Historical Actual Emissions are emissions having actually occurred based on source tests or calculated using actual fuel consumption or process weight, recognized emissions factors or other data approved by the APCO which most accurately represent the emissions during the baseline period. Historical actual emissions must be discounted for any emissions reduction which is:

6.2.1.1 required or encumbered by any laws, rules, regulations, agreements, orders; (This provision does not include controls required by this rule.), or

6.2.1.2 attributed to a control measure noticed for workshop, or proposed or contained in a State Implementation Plan, (This provision

does not include controls required by this rule.), or

6.2.1.3 proposed in the district air quality plan for attaining the annual reductions required by the California Clean Air Act, except for early implementation of BARCT. For emission reductions occurring due to an early implementation of BARCT as defined in Section 3.0, the Actual Emission Reductions must be discounted by 75%.

6.2.1.4 under no circumstances shall historic actual emissions from an emissions unit included in an SLC be greater than the emissions for that unit used in establishing the SLC.

6.2.2 PEPM = Potential to Emit from the emissions unit Prior to Modification. See Section 3.0 for the definition of potential to emit.

6.2.3 PE = Potential to Emit from the new or modified emissions unit. See Section 3.0 for the definition of potential to emit.

6.2.4 CE = Control Efficiency of the proposed air pollution control technology. The control efficiency requirement shall be incorporated into the Authority to Construct and Permit to Operate by means of enforceable condition(s). Reductions due to lowering of throughput rates or operating hours shall not be considered in determining control efficiency.

6.2.5 AER = Actual Emission Reductions. See Section 3.0 for the definition of actual emissions reductions.

6.2.6 IPE = Increase in Permitted Emissions

6.2.7 HAPE = Historical Adjusted Potential Emissions shall be the potential to emit prior to modification adjusted for the proposed control efficiency.

$$\text{HAPE} = \text{PEPM} \times (1 - \text{CE})$$

Under no circumstances shall CE be greater than the control efficiency for the current BACT. If the proposed

control efficiency is greater than the control efficiency for current BACT, then CE shall be set equal to the control efficiency for the current BACT.

6.2.8 DEL = Daily Emissions Limitation. See Section 3.0 for the definition of daily emissions limitation.

### 6.3 Calculation Procedures for Determining the Applicability of BACT

BACT is required if PE (potential to emit from the proposed emissions unit) minus HAE (the Historical Actual Emissions from the existing unit) is greater than zero.

### 6.4 Calculation Procedures for Determining Increases in Permitted Emissions (IPE)

Increases in permitted emissions are positive numbers. All negative numbers calculated using these procedures shall be set to zero (0).

#### 6.4.1 Concurrent Stationary Source Modification:

Any reduction in the authorized emission rate for which actual emissions reductions have been provided since January 1, 1988 may be used in conjunction with emissions increase in determining the net increase in permitted emissions. Only emissions units which have DELs and which meet the definition of concurrent stationary source modification in Section 3.0 may be included in the concurrent stationary source modification. AER is considered zero for any emissions unit used in the concurrent stationary source modification calculation procedure, and calculations in Section 6.5 shall not be performed. If a modification is to generate emissions reduction credits, the procedures in Sections 6.4.2 or 6.4.3 and 6.5 must be used

IPE = sum of PE of emissions units included in concurrent stationary source modification minus the sum of AER provided since January 1, 1988 for all emissions units included in the concurrent stationary source modifications except those reductions currently being used to approve or offset emissions increases.



6.4.2 Functionally Identical Replacements:

$$\text{IPE} = \text{PE (for replacement unit)} - \text{HAPE (unit being replaced)}$$

6.4.3 Emissions Units not covered under Sections 6.4.1 or 6.4.2 above:

6.4.3.1 New Emissions Unit

$$\text{IPE} = \text{PE (for the new emissions unit)}$$

6.4.3.2 Modification of an Emissions Unit

$$\text{IPE} = \text{PE (for modified unit)} - \text{HAPE (modified unit prior to modification)}$$

6.4.3.3 Emissions Units which were Exempt at the Time of Installation

$$\text{IPE} = 0 \text{ (until modified)}$$

6.5 Calculation Procedures for Determining Actual Emissions Reductions (AER)

AERs are positive numbers. All negative numbers calculated using these procedures shall be set to zero.

AERs calculated pursuant to Sections 6.5.2, 6.5.3, or 6.5.4, after a ten (10) percent deduction for community bank allowance, can be used to offset onsite increases in permitted emissions (IPE), banked for future use, or transfer to other entities, subject to the requirements of this rule and the Rule 2301 (Emission Reduction Credit Banking). Onsite AERs used to offset contemporaneous onsite increase in emissions do not have to be banked first before use as offsets.

For emission reductions occurring due to an early implementation of BARCT as defined in Section 3.2.2, the AER must be adjusted by 75%.

6.5.1 Actual Emission Reductions Solely Due to Reduction in Operating Hours and/or Throughput Rates.

$$\text{AER} = (\text{HAE} - \text{PE})$$

6.5.2 Shutdown of an Emissions Unit

$$\text{AER} = \text{HAE (for the unit prior to shutdown)}$$

6.5.3 Actual Emission Reductions Due to Installation of a Control Device or Due to Implementation of More Efficient Process or Material.

$$\text{AER} = (\text{HAE} \times \text{CE})$$

The potential to emit after modification shall be equal to potential to emit prior to modification times one (1) minus the control efficiency; or

$$\text{PE (after modification)} = \text{PEPM} \times (1 - \text{CE})$$

6.6 New Source Review (NSR) Balance

NSR balance is only calculated for PM<sub>10</sub>, SO<sub>x</sub>, in attainment areas for CO, and for other pollutants listed in Section 4.1.1.1. The stationary source NSR balance shall be calculated separately for each calendar quarter. The emissions from the calendar quarter with maximum emissions shall be used in determining the applicability of offset requirements. Under no circumstances shall the NSR balance be greater than the stationary source's potential to emit (including any banked emission credits) or less than zero. The NSR balance shall be calculated as follows:

6.6.1 For stationary sources, where the District has documented a cumulative net emissions change since the baseline date, the APCO may set the stationary source NSR balance equal to that cumulative net emissions change, or use the procedures in Sections 6.6.2 and 6.6.3 to calculate the NSR balance. If the existing cumulative net emissions change is less than zero, the NSR balance shall be set to zero and the AERs may be bankable subject to the requirements of Rule 2301 (Emission Reduction Credit Banking). For emissions units added, modified, or shutdown after the date of adoption of this rule, the adjustments made to the NSR balance shall be made pursuant to Sections 6.6.2 and 6.6.3 of this rule. For counties where the NSR balance has been set to the previously documented cumulative net emissions change, all reference to baseline date in Sections 6.6.2 and 6.6.3 shall mean the date of rule adoption.

6.6.2 The stationary source NSR balance shall be the sum of:

6.6.2.1 the daily potential to emit (PE) for all emissions units installed after the baseline date from the latest Permit to Operate, or based on the valid Authority to Construct if the emissions unit has an Authority to Construct which has not been implemented. If more than one (1) valid Authority to Construct exists for the same emissions unit, the one (1) with the highest potential to emit must be used.

6.6.2.2 all increases in permitted emissions (IPE) authorized by a valid or implemented Authority to Construct for emissions units which were in existence prior to the baseline date and were modified after the baseline date. For modifications prior to September 19, 1991, use the net emission increase values determined pursuant to the calculation procedures from the New and Modified Stationary Source Review Rule in effect at the time of modification.

6.6.2.3 the daily average of emission reduction credits that have been banked, used as offsets at another stationary source, or transferred to another entity.

6.6.3 The following shall be subtracted in determining the stationary source NSR balance:

6.6.3.1 actual emissions reductions (AER) authorized by implemented Authority to Construct for emissions units which were in existence prior to the baseline date and were modified or shutdown after the baseline date but only to the extent the stationary source was charged with a positive emission change in Section 6.6.2.3.

6.6.3.2 banked emission reduction credits for onsite emission reductions from the stationary source for which the emission reduction credit certificate is voluntarily surrendered to the District.

6.7 Major Source or Major Modification:

The following calculations shall be performed separately for each pollutant. All calculations shall be performed on annual basis using tons per year of emissions. IPEs calculated according to the following sections are only for the purpose of determining if a new source or a modification is major.

6.7.1 New Major Sources

Potential to Emit (PE) for a major source is the sum of potential to emit for all emissions units within the stationary sources. A new source is considered to be major source if PE as calculated here exceeds the levels specified in Subsection 3.21.

6.7.2 Major modification to an existing major source

The increase in permitted emissions (IPE) for the stationary source due to the modification shall be the sum of the following:

IPE for all new and modified emissions units contained in the proposed stationary source modification, plus

IPE for new and modified emissions units which are authorized within 5 consecutive years before the commencement of construction of the proposed stationary source modification, minus

all onsite actual emissions reductions which have not been banked or used, or committed as offsets for authorizing other emissions units.

The proposed modification shall be considered a major modification if the IPE as calculated here exceeds the levels specified in Subsection II.U.

6.7.3 Major modification to an existing non-major source

The increase in permitted emissions (IPE) for the stationary source due to the modification shall be the sum of the following:

IPE for all new and modified emissions units contained in the proposed stationary source modification, plus

IPE for new and modified emissions units which are authorized within 5 consecutive years before the commencement of construction of the proposed stationary source modification

The proposed modification shall be considered a major modification if the IPE as calculated here exceeds the levels specified in section 3.20, or if the potential to emit (PE) after modification exceeds 50 tons per year for any affected pollutant.

6.8 Offset Quantity

If the offset requirements are triggered pursuant to the requirements of section 4.0, the quantity of offsets shall be determined as follows:

6.8.1 For  $PM_{10}$ ,  $SO_x$ , and CO in attainment areas:

$$\text{Offset} = \text{Offset ratio} \times \text{Sum of PE}$$

Where,

Offset = Quantity of offsets needed, pounds per quarter

Offset ratio = Distance ratios and interpollutant ratios in Section 4.0

Sum of PE = Sum of quarterly potential to emit from all new or modified emissions units in pounds per quarter since the following dates:

6.8.1.1 August 22, 1989 for sources with a NSR balance in excess of the following values as of August 22, 1989:

PM<sub>10</sub> . . . . . 80 lb/day

SO<sub>x</sub> . . . . . 150 lb/day

CO in attainment areas . . . . . 550 lb/day

6.8.1.2 the baseline date for sources not covered under section 6.8.1.1 of this rule.

6.8.2 For NO<sub>x</sub>, VOC, and CO in nonattainment areas:

Offset = IPE x Offset ratio

Where,

Offset = Quantity of offsets needed, pounds per quarter

Offset ratio = Distance ratios and interpollutant ratios from Section 4.0

6.8.3 The quarterly PE for the purpose of determining the quantity of offsets needed in Sections 6.8.1 or 6.8.2 shall be:

6.8.3.1 Equal to the daily PE times the number of permitted operating days in each quarter; or

6.8.3.2 Equal to the emissions unit's PE on a quarterly basis, provided that in addition to a daily emission limitation, the Authority to Construct and Permit to Operate contain an enforceable limitation on the quarterly emissions from the emissions unit by means of enforceable conditions.

## 7.0 Community Bank Allowance

- 7.1 The Community Bank is established by the District Board for the purpose of providing offsets not otherwise or readily available to stationary source categories with emissions below the levels specified in Rule 2302 (Community Bank), and thus allowing sources to comply with the offset provisions of Section 4.2 of this rule.
- 7.2 The Community Bank is funded by preserving a portion of all AERs calculated in accordance with Section 6.5 of this rule. A registry of Community Bank offset credits shall be maintained by the District and shall be made available for public inspection. The Community Bank shall be funded by the following:
  - 7.2.1 ten (10) percent of all onsite AERs since August 22, 1989.
  - 7.2.2 ten (10) percent of all onsite AERs created after the date of adoption of this rule.
  - 7.2.3 The excess offsets required and obtained pursuant to offset ratios for all offsets required since January 1, 1988. For the purpose of this section, excess offsets are all AERs in excess of a 1 to 1 ratio, on the basis of a pound of reductions per pound of increase in emissions, provided as offsets.
  - 7.2.4 The excess offsets required and obtained pursuant to offset ratios for all offsets required after the date of adoption of this rule. For the purpose of this section, excess offsets are all AERs in excess of a 1 to 1 ratio, on the basis of a pound of reductions per pound of increase in emissions, provided as offsets.
  - 7.2.5 Any unclaimed actual emission reduction credits since January 1, 1988 which are real, enforceable, quantifiable, and permanent.
  - 7.2.6 Any emissions reductions specifically identified in the California Clean Air Act Plan for funding of the Community Bank.
  - 7.2.7 All emissions reduction credits distributed from the community bank for permitting new and modified gasoline motor vehicle refueling facilities or dry cleaning facilities prior to March 11 1992 shall be returned to the current community bank allocation.

## 8.0 Reporting

By March 31, of each year, beginning in 1993, the APCO shall report to the District Governing Board the effectiveness of this rule in meeting the goals of Section 1.3 for the preceding calendar year.

If the goals of Section 1.3 for the previous calendar year are not met, the District's permitting program shall be revised as necessary to achieve the goals.

## 9.0 Emissions Tracking and Offsets for Gasoline Motor Vehicle Refueling Facilities and Dry Cleaning Facilities:

9.1 The APCO shall provide emissions reductions to mitigate the increase in emissions from new and modified gasoline motor vehicle refueling facilities and dry cleaning facilities for which an Authority to Construct was issued during each calendar year. The emission reductions shall be provided within 6 months from the end of each calendar year beginning with calendar year 1992. For the period from July 1, 1991 through December 31, 1991, the control officer shall provide the necessary reduction, as calculated pursuant to Section 9.3, by July 1, 1992.

9.2 The reductions used to mitigate these source categories shall be obtained from the Community Bank, or other sources of surplus emissions reductions designated by the APCO. The APCO shall reserve a portion of each regional community bank credits equal to the estimated projected credits needed to mitigate the increase in emissions from the new and modified gasoline motor vehicle refueling facilities or dry cleaning facilities in each region, or designated other surplus emissions reductions for the same purpose. If adequate reductions to mitigate the projected increase in emissions are not available, the Control Officer shall not issue any permits using these provisions.

9.3 The quantity of emissions reductions needed to mitigate the above source categories, for each twelve month period and for each region as defined in the District's Community Bank Rule, shall be calculated according to the following equation:

$$\text{Offsets} = (E * \frac{N_{NSR}}{N_t}) - ERP$$

Where:

9.3.1 Offsets = The quantity of emissions reductions needed to mitigate the above source categories, lbs/day. If the calculated value for Offsets is less than zero, it shall be set to zero.

9.3.2  $E = E_2 - E_1$

9.3.3  $E_2 =$  Average daily emissions from all sources in the source category (gasoline motor vehicle refueling facilities or dry cleaning facilities) for the calendar year. For the period from July 1, 1991 through December 31, 1991, this figure shall be equal to the average daily emissions from all sources in the source category (gasoline motor vehicle refueling facilities or dry cleaning facilities) for the period.

9.3.4  $E_1 =$  Average daily emissions from all permitted sources in the source category (gasoline motor vehicle refueling facilities or dry cleaning facilities) for the 1990 calendar year.

9.3.5  $N_{nr} =$  Sum of the following numbers:

9.3.5.1 Number of new facilities in the source category which were permitted during the period, plus

9.3.5.2 Number of facilities which were modified during the period and:

9.3.5.2.1 For gasoline motor vehicle refueling facilities:

9.3.5.2.1.1 The modification included installation of additional dispenser(s) or storage tank(s), or

9.3.5.2.1.2 The modification included installation of gasoline storage tanks with the total capacity exceeding that of the existing tanks, or

9.3.5.2.1.3 The modification included an increase in the permitted gasoline throughput level.

9.3.5.2.2 For dry cleaning facilities:



9.3.5.2.2.1 The modification included installation of additional washer(s) or dryer(s), or

9.3.5.2.2.2 The modification included an increase in the permitted solvent throughput level.

9.3.6  $N_i$  = The total number of facilities in the source category which were on permit at the beginning of the period.

9.3.7 ERP = The sum of emissions reduction, annual average in pounds per day, previously provided to mitigate the emissions increases from the above source categories according to the procedures in this section.