

**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; Amended October 21, 1993; Amended June 15, 1995)**

**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 above specified thresholds from new and modified stationary sources of all nonattainment pollutants and their precursors.

**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 except as provided in Section 2.1.

- 2.1 The requirements of this rule in force on the date that the rule was most recently amended shall apply to all applications that are pending on that date.

**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, surplus, 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 emissions unit ; 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 Certificate of Conformity: a written document issued by the District certifying that an Authority to Construct for the new or modified source issued under District Rule 2201 (New and Modified Stationary Source Review) has been issued in accordance with procedural requirements substantially equivalent to the requirements of 40 CFR 70.7 and 70.8, and compliance requirements substantially equivalent to those contained in 40 CFR 70.6(8)(c).
- 3.12 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.

- 3.13 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 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:
- 3.13.1 Contained in the latest Authority to Construct and contained in or enforceable by the latest Permit to Operate for the emissions unit;
  - 3.13.2 Enforceable on a daily basis;
  - 3.13.3 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
  - 3.13.4 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.
- 3.15 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.
- 3.16 Functionally Identical Replacement: the replacement of or modification of emissions unit(s) where the replacement unit serves the identical function as the unit(s) being replaced, and the maximum rating and the potential to emit any pollutant will not be greater from the new or modified emissions unit than the replaced unit(s), when the replaced emissions unit is operated at the same permitted conditions.
- 3.17 Heavy Oil: crude oil having an American Petroleum Institute gravity of 20 degrees or less as determined by test method ASTM 287-82.
- 3.18 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.

3.19 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>.

3.20 Modification:

3.20.1 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;

3.20.2 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;

3.20.3 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

3.20.4 A modification to a stationary source shall include any modification of its permitted emissions units or addition of any new emissions units.

3.20.5 A reconstructed stationary source shall be treated as a new stationary source and not as a modification.

3.20.6 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:

3.20.6.1 identical replacements;

3.20.6.2 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;

3.20.6.3 a change in ownership of an entire existing stationary source with a valid Permit to Operate;

3.20.6.4 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.

3.20.6.5 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;

- 3.21 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.
- 3.22 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).
- 3.23 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>

3.24 Quarter: for a non-seasonal source is defined as a calendar quarter. For a seasonal source, quarter is defined as the entire operating season.



- 3.25 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.
- 3.26 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.
- 3.27 Seasonal Source: any Stationary Source with more than 90% of its annual emissions occurring within a consecutive 120 day period.
- 3.28 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:
- 3.28.1 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 District Policy entitled "Compliance Requirements for Oil Production Fuel Fired Equipment with Specific Limiting Conditions;
  - 3.28.2 SLCs must have been used to establish the cumulative net emission change for the stationary source; and
  - 3.28.3 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.
- 3.29 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:
- 3.29.1 Are under the same or common ownership or operation, or which are owned or operated by entities which are under common control; and

- 3.29.2 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; and
  - 3.29.3 Are located on one (1) or more contiguous or adjacent properties; or
  - 3.29.4 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.
- 3.30 Stationary Source Project: the simultaneous modification of emissions units, shutdown 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).
- 3.31 Title I 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 3.19. Also, Title I 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.
- 3.32 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. The potential to emit from a TREU must not exceed the potential to emit from the existing emissions unit. An emissions unit not removed within 180 days is not a TREU.

#### 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 a modification of an existing emissions unit if the new unit or modification results in an increase in permitted emissions greater than 2 pounds per day 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, or contains specific emissions limits for other pollutants;

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 for non-emergency purposes 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 the District, 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.
- 4.2.1.6 A transfer of location of an emissions unit from one source to another within the District, under the same operator and owner and provided:
- 4.2.1.6.1 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
- 4.2.1.6.2 the offsets that would be otherwise required for the unit at the new location have been provided for the emissions unit previously.
- 4.2.1.7 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 pollutants regulated by the applicable prohibitory rule, unless the prohibitory rule specifically exempts the emissions of other pollutants from the requirements of this rule, or contains specific emission limits for other pollutants.

4.2.1.8 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.

4.2.1.9 temporary replacement emissions units.

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

4.2.2.1 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 in accordance with Section 4.2.2.4, 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 in accordance with section 4.2.2.4.

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 in accordance with section 4.2.2.4.

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. The quantity of offsets shall be determined on an annual basis using the calculation procedures in Section 6.8. 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 carries emissions, exceed the offset trigger levels cited in Section 4.2.2.1.

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

A new or modified stationary source with a stationary source potential to emit, as calculated in Section 6.4, exceeding the trigger levels in the following table shall be subject to offset requirements, unless exempted pursuant to Section 4.2.1.

POLLUTANT	TONS PER YEARS
oxides of nitrogen	10
volatile organic compounds	10
carbon monoxide in nonattainment areas	15

#### 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. The quantity of offsets shall be determined on an annual basis using the calculation procedures in Section 6.8.

In addition, all emissions increases from cargo carriers associated with a new or modified emissions unit that result in an increase the stationary source potential to emit shall also be offset.

#### 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

LINE	LOCATION	OFFSET RATIO
1.	Within the same source or from mobile source emission reduction credits	1 to 1
2.	Within 15 miles of the same source	1.2 to 1
3.	15 miles or more from the source	1.5 to 1

#### 4.2.5 Offset Requirements

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

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 Title I 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 from another district may be used only if the source of the offsets is within 50 miles of the proposed emissions increases and the APCO has reviewed the permit conditions issued by the district 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 For nonseasonal sources Actual Emissions Reductions used as offsets must have occurred during the same calendar quarter as the emissions increases being offset except as provided in Section 4.2.5.5. and 4.2.5.6. Offsets for a seasonal source must have occurred during the same time period as the proposed source will operate except as provided in Section 4.2.5.5. and 4.2.5.6.

4.2.5.5 Actual emissions reductions for  $NO_x$  and VOC that occurred from April through November may be used to offset increases in  $NO_x$  and VOC during any period of the year.

4.2.5.6 Actual emissions reductions for CO that occurred from November through February may be used to offset increases in CO during any period of the year.

4.2.5.7 Actual emissions reductions used as offsets for new and modified major sources must be obtained from an area

4.2.5.7.1 that has a nonattainment classification that is equal to or higher than the area in which the new or modified major source is located, and

4.2.5.7.2 where emissions contribute to a violation of a national ambient air quality standard in the area in which the new or modified major source is located.

#### 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 5.1.3.4 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 Title I 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 exceedences 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 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, shall only apply to:
  - 5.1.3.4.1 new major sources and Title I modifications.
  - 5.1.3.4.2 new sources and modifications with increases in permitted emissions of greater than 100 pounds per day of VOCs, Nox, or CO in CO nonattainment areas.
  - 5.1.3.4.3 new sources and modifications with an NSR balance of 140 pounds per day or greater for Sox and an increase in permitted emissions of Sox.
  - 5.1.3.4.4 new sources and modifications with an NSR balance of 70 pounds per day or greater for PM10 and an increase in permitted emissions of PM10.
  - 5.1.3.4.5 new sources and modifications in CO attainment areas with an NSR balance of 550 pounds per day or greater for CO and an increase in permitted emissions of CO.

#### 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 APCO 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.

### 5.3 Enhanced Administrative Requirement

Application for a certificate of conformity with the procedural requirements of 40 CFR part 70, shall be subject to the following enhanced administrative requirements in addition to any other applicable administrative requirements of section 5.0:

## 5.3.1 New Sources and Significant Permit Modifications

### 5.3.1.1 Public Notification

5.3.1.1.1 The APCO shall provide a written notice of the proposed permit and, upon request, copies of the District analysis to interested parties. Interested parties shall include affected states, ARB and persons who have requested in writing to be notified. The notice shall also be given by publication in a newspaper of general circulation in the District. The public shall be given 30 days from the date of publication to submit written comments on the District proposed action.

5.3.1.1.2 The notice shall provide the following information:

5.3.1.1.2.1 The identification of the source, the name and address of the permit holder, the activities and emissions change involved in the permit action;

5.3.1.1.2.2 The name and address of the District, the name and telephone number of District staff to contact for additional information;

5.3.1.1.2.3 The availability, upon request, of a statement that sets forth the legal and factual basis for the proposed permit conditions;

5.3.1.1.2.4 The location where the public may inspect the complete application, the District analysis, the proposed permit, and all relevant supporting materials;

5.3.1.1.2.5 A statement that the public may submit written comments regarding the proposed decision within at least 30 days from the date of publication and a brief description of commenting procedures, and

5.3.1.1.2.6 A statement that members of the public may request the APCO or his designee to preside over a public hearing for the purpose of receiving oral public comment, if a hearing has not already been scheduled. The APCO shall provide notice of any public hearing scheduled to address the proposed decision at least 30 days prior to such hearing;

5.3.1.1.3 The APCO shall provide written response to persons or agencies that submitted written comments which are postmarked by the close of the public notice and comment period. All written comments and responses to such comments shall be kept on file at the District office and made available upon request.

5.3.1.1.4 A copy of the complete application, the District analysis and the proposed permit shall be made available at District offices for public review and comment during normal business hours. The District analysis shall include a statement that sets forth the legal and factual basis for the proposed permit conditions, including references to the applicable statutory and regulatory provisions.

#### 5.3.1.2 EPA Notification

The APCO shall provide written notice to the EPA of the proposed decision along with copies of the proposed permit, the District analysis, the public notice submitted for publication, and all necessary supporting information.

#### 5.3.1.3 Final Decision

If the EPA does not object pursuant to section 5.3.1.8 of this rule, the APCO shall issue the final permit.

#### 5.3.1.4 Notification and Publication of Final Action

The APCO shall provide written notice of the final action to the applicant, the EPA, and the ARB, and shall publish such notice in a newspaper of general circulation.

#### 5.3.1.5 Public Inspection of Final Action Documents

No later than at the time that notice of final action is published, the APCO 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) 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.

#### 5.3.1.6 Public Petitions to the EPA

If the EPA does not object in writing to the District's preliminary decision during the EPA's 45 day review period, any person may petition the EPA within 60 days after the expiration of the EPA's 45 day review period. Any such petition shall be based only on objections to the permit that were raised with reasonable specificity during the public comment period provided in section 5.3.1.1 of this rule, unless the petitioner demonstrates to the EPA that it was impracticable to raise such objections within such period, or unless grounds for such objections arose after such period. Petitions shall be based on the compliance of the permit provisions with applicable requirements.

#### 5.3.1.7 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.

### 5.3.1.8 EPA Objection

- 5.3.1.8.1 The APCO shall not issue a permit if the EPA objects to its issuance in writing within 45 days of receipt of the District's notice of preliminary decision on the proposed permit.
- 5.3.1.8.2 Any EPA objection shall include a statement of the EPA's reasons for objection and a description of the terms and conditions that the permit must include to respond to the objections. The EPA shall provide the permit applicant a copy of the objection.
- 5.3.1.8.3 If the District fails, within 90 days after the date of EPA's objection, or within 180 days from the date the application was deemed complete plus any extension allowed by the state law, whichever is sooner, to revise and submit a proposed permit in response to the objection, the District shall not issue a certification on conformity to Title V.
- 5.3.1.8.4 If the EPA objects to the permit as a result of a public petition, the APCO shall not issue the permit until EPA's objection has been resolved, except that a petition for review does not stay the effectiveness of a permit or its requirements if the permit was issued after the end of the 45-day review period and prior to an EPA objection. If the District has issued a permit prior to receipt of an EPA objection, the EPA will modify, terminate, or revoke such permit, and shall do so consistent with procedures in section 70.7(g)(4) or (5)(i) and (ii) of the 40 CFR regulations, and the District may thereafter reissue only a revised permit that satisfies EPA objection.
- 5.3.1.8.5 EPA objection shall be limited to compliance with applicable requirements.

### 5.3.2 Minor Permit Modifications

5.3.2.1 Within 5 working days after the receipt of complete application for a minor permit modification, the District shall provide notification of the proposed permit modification to the EPA pursuant to section 5.3.1.2 and affected states pursuant to section 5.3.1.1 of this rule.

5.3.2.2 The District shall not issue a final permit modification until after a 45-day period review of the proposed permit modification by EPA or until EPA has notified the District that EPA will not object to issuance of the permit modification, whichever is first.

5.3.2.3 Within 90 days after District's receipt of an application for a minor permit modification or 15 days after the end of the EPA's 45-day review, whichever is later, the District shall do one of the following:

5.3.2.3.1 Issue the permit as proposed;

5.3.2.3.2 Deny the permit modification application;

5.3.2.3.3 Determine that the requested modification does not meet the minor permit modification criteria and should be reviewed pursuant to the administrative requirements for significant permit modifications; or

5.3.2.3.4 Revise the draft permit modification and transmit the new proposed permit modification to EPA and the affected states.

## 6.0 Calculations

The following procedures shall be performed separately for each pollutant, and for each emissions unit or for a stationary source project.

### 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 if the daily potential to emit for the new unit is greater than 2 pounds per day.
  - 6.1.1.1.2 for modifications, determine if BACT is required by determining if there is a daily increase in permitted emissions calculated 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 annual increase in the stationary source potential to emit for the emissions unit or stationary source project in accordance with procedures in Section 6.4.
- 6.1.3 Calculate actual emissions reductions in accordance with the procedures in Section 6.5. Actual emission reductions may be banked in accordance with the provisions of Rule 2301 (Emissions Reductions Banking).
- 6.1.4 For PM<sub>10</sub>, SO<sub>x</sub>, in attainment areas for CO, and other pollutants listed in Section 4.1.1.1:
- 6.1.4.1 calculate the NSR balance in accordance with procedures in Section 6.6.
  - 6.1.4.2 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.
  - 6.1.4.3 if the NSR balance exceeds the offset trigger levels specified in Section 4.0, the applicant must provide offsets.
- 6.1.5 Perform calculations in Subsection 6.7 to determine if the project constitutes a new major source, or a Title I modification.

6.1.6 For all pollutants, if offsets are required, determine the quantity of offsets required in accordance with the procedures in Section 6.8. Perform calculations to determine compliance with the requirements of Sections 4.2.5.4, 4.2.5.5, and 4.2.5.6 if there is seasonal variation in the increases in the stationary source potential or in the actual emissions reductions supplied as offsets.

## 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 increase in control efficiency.

$$HAPE = PEPM \times (1 - \Delta CE),$$

where  $\Delta CE$  = the increase in control efficiency.

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.

6.2.9 SSPE = Potential to Emit for the entire stationary source, as calculated in Section 6.4.

6.3 Calculation Procedures for Determining the Applicability of BACT for modifications and functionally identical replacements.

6.3.1 BACT is required for a modified emissions unit if the the daily increase in permitted emissions is greater than 2 pounds per day. The increase in permitted emissions for the modification is calculated as follows:

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

6.3.2 BACT is required for a functionally identical replacement if the daily increase in permitted emissions is greater than 2 pounds per day. The increase in permitted emissions for the modification is calculated as follows:

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

6.4 Calculation Procedures for calculating the stationary source potential to emit in order to determine offset requirements. This procedure is only to be used to calculate the stationary source potential to emit (SSPE) for determining offset requirements. The procedure in Section 6.7 must be used when determining if a source is a major source or if a modification is a Title I modification.

6.4.1 The stationary source potential to emit (SSPE) shall be the sum of the following annual quantities:

6.4.1.1 the potential to emit (PE) for all permitted emissions units and the increases in potential to emit authorized by all valid authorities to construct at the stationary source. The potential to emit for each emissions unit shall be based on the emissions from the most recent permit to operate, or be based on the valid authority to construct if the unit has a valid unimplemented authority to construct. If there is more than one valid authority to construct for an emissions unit, use the authority to construct with the highest potential to emit.

6.4.1.2 the quantity of emission reduction credits that have been banked since September 19, 1991 for actual emissions reductions that have occurred at the source, and which have not been used onsite. This quantity includes all emission reduction credits held as certificates and all emission reduction credits that have been sold or transferred. The quantity of emission reduction credits is a positive number.

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 6.5.1, 6.5.2, or 6.5.3, after a ten (10) percent air quality improvement deduction, can be banked for future use or transfer to other entities, subject to the requirements of this rule and Rule 2301 (Emission Reduction Credit Banking).

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  $\text{PM}_{10}$ ,  $\text{SO}_x$ , in attainment areas for CO, and for other pollutants listed in Section 4.1.1.1. 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, except for unmodified units that are functionally identical replacements for units that were in existence prior to 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 Title I 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 3.19.

### 6.7.2 Title I 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 Title I modification if the IPE as calculated here exceeds the levels specified in Subsection 3.31.

### 6.7.3 Title I 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 Title I modification if the IPE as calculated here exceeds the levels specified in section 3.31, or if the potential to emit (PE) after modification exceeds the levels specified in Section 3.19 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<sub>10</sub>, SO<sub>x</sub>, and CO in attainment areas:

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

Where,

$$\text{Offset} = \text{Quantity of offsets needed, pounds per year}$$

$$\text{Offset ratio} = \text{Distance ratios and interpollutant ratios in Section 4.0}$$

Sum of PE = Sum of annual potential to emit from all new or modified emissions units in pounds per year 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>, and VOC:

6.8.2.1 For sources with SSPE greater than 10 tons per year before implementing the project being evaluated.

$$\text{Offset} = [\text{SSPE}(\text{after}) - \text{SSPE}(\text{before})] \times \text{Offset ratio}$$

6.8.2.2 For sources with SSPE less than 10 tons per year before implementing the project being evaluated.

$$\text{Offset} = [\text{SSPE}(\text{after}) - 10 \text{ tons/year}] \times \text{Offset ratio}$$

Where,



Offset= Quantity of offsets needed, pounds per year

Offset ratio= Distance ratios and interpollutant ratios from Section 4.0

6.8.3 For CO in nonattainment areas:

6.8.3.1 For sources with SSPE greater than 15 tons per year before implementing the project being evaluated.

Offset= [SSPE(after) - SSPE (before)] x Offset ratio

6.8.3.2 For sources with SSPE less than 15 tons per year before implementing the project being evaluated.

Offset= [SSPE(after) - 15 tons/year] x Offset ratio

Where,

Offset= Quantity of offsets needed, pounds per year

Offset ratio= Distance ratios and interpollutant ratios from Section 4.0

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

6.8.4.1 Equal to the daily PE times the number of permitted operating days in a year; or

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

## 7.0 Certification of Conformity

A new or modified source subject to the requirements of Rule 2520 may choose to apply for a certificate of conformity with the procedural requirements of 40 CFR part 70. A certification of conformity will allow changes authorized by the Authority to Construct to be incorporated into the Part 70 permit as administrative permit amendments.

7.1 The District will issue a written certificate of conformity with the procedural requirements of 40 CFR 70.7 and 70.8, and with the compliance requirements of 40 CFR 70.6(8)(c), if the following conditions are met:

7.1.1 The Authority to Construct is issued in conformance with Section 5.3 (Enhanced Administrative Requirements) of this rule;

7.1.2 The content of the Authority to Construct issued by the District complies with the requirements set forth in section 9.0 of District Rule 2520 (Federally Mandated Operating Permits);

7.1.3 An application for a certificate of conformity is submitted with the application for Authority to Construct. The content of application for the certificate of conformity requirements of sections 7.1 of District Rule 2520 (Federally Mandated Operating Permits);

7.1.4 The Authority to Construct contains a statement of conformity with the requirements of Title V and 40 CFR part 70;

7.1.5 EPA has not objected to the issuance of the Authority to Construct, or EPA's objections have been resolved to the satisfaction of EPA administrator; and

7.1.6 The Part 70 operating permit being issued will contain the federally enforceable requirements contained in the Authority to Construct.

## 7.2 Duration of the Certificate

The certificate of conformity with the procedural requirements of 40 CFR part 70 is valid as long as the Authority to Construct with which it was issued is valid.

## 7.3 Modifications to Certificates of Conformity

Modifications to an Authority to Construct for which a certificate of conformity has been issued are subject to the administrative requirements of Section 11.0 of District Rule 2520 that apply to permit modifications and changes, as well as the requirements of all Districts Rules that apply to modifications of Authorities to Construct.