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Agency Secretary

Air Resources Board

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Gray Davis
Governor

Mr. Jack Broadbent
Director, Air Division
U.S. Environmental Protection
Agency, Region IX
75 Hawthorne Street
San Francisco, California 94105

Dear Mr. Broadbent:

This letter is a follow-up to the August 31, 2001 meeting regarding U.S. Environmental Protection Agency, Region IX (U.S. EPA) consideration of approval of local Title V operating permit programs in California. I am writing to summarize the discussion and to provide supplemental information about current agricultural source permitting and emission reduction programs in the State. We would like to work with you to determine if the agricultural source permit exemption in State law significantly affects Title V implementation in California. We believe that we have identified several reasons why the exemption should not prevent complete approval of local air pollution control and air quality management district (district) Title V programs by December 1, 2001.

Current Agricultural Source Permitting

In California, numerous agricultural sources are already subject to local and Title V permitting. Pursuant to California Health and Safety Code section 42300, each district in the State has established a permitting system. As part of their permitting systems, the districts have adopted rules requiring local pre-construction and operating permits for "any source of air contaminants." Although these district permitting requirements do not apply to farms which simply grow crops or raise animals for food, they do apply to equipment and processes used in a large number of post-harvest activities that occur outside the field at farms or other locations (See Enclosure 1). California farms frequently consist of non-contiguous land parcels which do not meet the "contiguous or adjacent properties" criterion of the 40 CFR Part 70.2 definition of "major source." However, agricultural activities such as those listed in Enclosure I require Title V as well as local permits provided their potential to emit meets or exceeds one or more Title V major source thresholds.

"The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our Web-site at www.arb.ca.gov."

California Environmental Protection Agency

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Agricultural burning and pesticide application are special in-field agricultural activities that are permitted and regulated through separate permit systems in California. Pursuant to the California Code of Regulations, title 17, section 80100 et seq., the districts issue permits for agricultural burning only on good dispersion days based upon meteorological data analysis and on preliminary acreage allocations provided by the Air Resources Board (ARB). Effective March 14, 2001, the Smoke Management Guidelines for Agricultural and Prescribed Burns require a major cooperative effort among ARB, the districts, and burners. Also, federal, State, and local agencies as well as other stakeholders are developing an extensive body of information regarding biomass burning alternatives. Substantial data and experience about burning alternatives has been gleaned from the implementation of the Rice Straw Diversion Plan pursuant to Senate Bill (SB) 318 (1997, Thompson). The amount of rice straw burned in the Sacramento Valley has decreased from 300,000 acres in 1992 to 139,000 acres in 2000 with a consequent decrease in Particulate Matter-10 (PM-10) emissions from 2,863 tons in 1992 to 1,312 tons in 2000. Beginning this fall, rice straw burning will only be allowed for disease control purposes and will be limited to the lesser of 25 percent of each grower's acreage, or 125,000 acres.

Agricultural burns are primarily a source of fugitive criteria pollutants which, according to 40 CFR Part 70.2 (Major Source), need not be considered in Title V applicability determinations.

The Agricultural Source Permit Exemption

The agricultural source permit exemption in Health and Safety Code section 42310(e) is limited to those equipment and/or activities directly involved in the "growing of crops or the raising of fowl or animals." Enclosure 2 lists examples of exempt agricultural activities. These activities primarily generate mobile or fugitive emissions which, according to 40 CFR Part 70.2 (Major Source), are not included in Title V applicability determinations. During our meeting, you expressed special concern about emissions from two of these activities: irrigation (i.e., agricultural pump engines) and feeding (i.e., concentrated animal feeding operations or "CAFOs"). These two concerns are addressed below.

Agricultural Activity of Concern: Irrigation

Until recently, little information has been available regarding the number and sizes of agricultural engines used on California farms, ranches, and orchards. In the past few years, we have gathered data about agricultural engines as a result of ARB-administered voluntary emission reduction programs and other efforts to retrofit

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agricultural engines. We have learned that the majority of agricultural engines are used to pump water to irrigate crops during the growing season. We have also learned that at least half of the pump engines meet the 40 CFR Part 89.2 definition of "non-road engine" and, therefore, are not subject to Title V.

Beginning in 1999, the Carl Moyer Memorial Air Quality Standards Attainment Program (See Enclosure 3 and Health and Safety Code section 44275 et seq.) has provided grants for the extra capital cost of cleaner-than-required vehicles and equipment that have been traditionally powered by heavy-duty diesel engines. The districts provide matching funds and distribute the grants to voluntary applicants. The districts have used their discretionary Moyer funds to repower 947 stationary agricultural pump engines with resultant estimated NOx emission reductions of 1,092 tons per year (TPY). The repowering of these engines, tractors, and other on-road equipment has resulted in estimated PM-10 emission reductions of 68 TPY. By the end of the year, approximately 1,500 agricultural pump engines are expected to be repowered. Numerous applications for repowering continue to be submitted and the districts are discussing giving priority to applications from farms with large or multiple stationary engines.

SB X1 5, signed by Governor Gray Davis in April 2001, specifically allocates 125 million dollars from the State General Fund to reduce energy use in the agricultural industry. The funds must be used to provide incentives for retrofitting agricultural pump engines for the purpose of increasing efficiency or switching to an alternative fuel and to encourage the purchase of high-efficiency electrical agricultural equipment. We believe that these SBX1 5 measures are likely to result in emission as well as energy-use reductions.

In addition, through implementation of the ARB's Clean Air Plan, we plan to reduce agricultural source oxides of nitrogen (NOx) and PM-10 emissions by approximately one-third by 2010. As part of this plan, we are working with the agricultural community to address their emissions. The continuing demand for NOx and PM-10 emission reduction credits is expected to result in private industry funding additional agricultural pump retrofits. A 15 part per million sulfur limit on diesel fuel scheduled to be considered for adoption by the ARB in 2002 is estimated to reduce PM-10 emissions from U.S. EPA-grade fuel by approximately 14 percent.

As you can see, the ARB, in partnership with others, is taking incentive-based and regulatory steps to both reduce and provide information about California's agricultural irrigation pump emissions. Irrigation pumps in other states have not been found to trigger Title V and we believe that the inventory we are developing is likely to

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demonstrate the same for California, especially considering recent emission reduction efforts.

Agricultural Activity of Concern: Feeding

At the meeting on August 31, 2001, you raised a concern about concentrated animal feeding operations (CAFOs). We believe that CAFOs primarily emit fugitive criteria pollutants which, according to 40 CFR Part 70.2 (Major Source), would not be included in Title V applicability determinations. However, according to your staff, CAFOs are being discussed at the national level as possible Title V sources. We understand that a U.S. EPA Headquarters-U.S. Department of Agriculture (USDA) Air Quality Task Force has been established to discuss CAFOs and other agricultural emission sources. We also understand that a technical advisory committee to the Task Force has been assigned to study available information and recommend good management practices for CAFOs. Clearly, more work needs to be done on a national level before concluding that CAFOs could trigger Title V major source thresholds.

Conclusion

During the past several months, the districts have worked diligently to correct their Title V rules and submit revised programs to address the deficiencies identified when U.S. EPA granted interim Title V program approvals in the mid-1990s. In a letter to me dated August 14, 2001, Ms. Laura Yoshii, Acting Regional Administrator, acknowledges that U.S. EPA has received complete revised program submittals from 27 districts. We understand that four additional districts have recently submitted revised programs and that the remaining three districts have adopted revised Title V rules and will submit their programs very soon. However, district authority does not extend to the agricultural permit exemption in State law.

In light of current district agricultural source permitting practices and uncertainty about exempted agricultural source emissions and their applicability to Title V, we urge U.S. EPA to grant complete approval of revised district Title V programs.

Thank you for providing the ARB with an opportunity to discuss the Title V-agricultural source permit exemption issue with you on August 31, 2001. If you need more

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information or have any questions regarding this letter, please contact me at (916) 445-4383, or, Mr. Peter D. Venturini at (916) 445-0650.

Sincerely,

Michael P. Kenny
Executive Officer

Enclosures

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