

## **PROPOSED**

State of California  
AIR RESOURCES BOARD

### **PUBLIC MEETING TO CONSIDER THE CALIFORNIA AIR RESOURCES BOARD REVIEW OF THE SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT EMISSION REDUCTION CREDIT PROGRAM**

Resolution 20-11

June 26, 2020

Agenda Item No.: 20-6-6

WHEREAS, sections 39600 and 39601 of the Health and Safety Code authorize the California Air Resources Board (CARB or Board) to do such acts as may be necessary for the proper execution of the powers and duties granted to and imposed upon the Board by law;

WHEREAS, section 39602 of the Health and Safety Code designates CARB as the air pollution control agency for all purposes set forth in federal law, and charges CARB to coordinate the activities of California air districts to serve the purposes of the federal Clean Air Act;

WHEREAS, section 39605 of the Health and Safety Code directs that CARB may provide assistance to any district as CARB and the districts work together to protect public health and clear the air;

WHEREAS, local and regional air districts have the primary responsibility for control of air pollution from all sources other than emission from motor vehicles, per section 40000 of the Health and Safety Code;

WHEREAS section 41500 of the Health and Safety Code charges CARB with reviewing the rules, regulations and programs submitted by the districts to determine whether they are sufficiently effective to achieve and maintain the state ambient air quality standards; and to review the enforcement practices of the districts to determine whether reasonable action is being taken to enforce their programs, rules, and regulations.

WHEREAS, section 41503.5 of the Health and Safety Code charges CARB to work with districts to ensure compliance with the California Clean Air Act;

WHEREAS, the San Joaquin Valley Unified Air Pollution Control District (San Joaquin or SJVAPCD), established by section 40600 of the Health and Safety Code, is charged with

air pollution improvements in one of the most challenging areas of California and has secured very significant improvements in air quality;

WHEREAS, since 1990 the District has reduced volatile organic carbon emissions from stationary sources by 60 percent and oxides of Nitrogen (NOx) emissions from stationary sources by 80 percent;

WHEREAS, the United States Environmental Protection Agency has classified the San Joaquin Valley as extreme non-attainment for 8-hour ozone and serious non-attainment for PM2.5.

WHEREAS, at the January 2019 Board meeting, the Board directed staff to perform a review of the SJVAPCD Emission Reduction Credit (ERC) program;

WHEREAS, San Joaquin District Rule 2201, requires that the District assess the annually if implementation of Rule 2201 is at least as stringent as required by the Clean Air Act, and this assessment is referred to as the equivalency demonstration;

WHEREAS, if the assessment fails to demonstrate equivalency, Rule 2201, Section 7.4, specifies multiple automatic remedies, including time-of-use accounting;

WHEREAS, permitting is an essential cornerstone of District programs for reducing emissions from stationary sources, and New Source Review, including BACT and offsets, are integral to permitting programs;

WHEREAS, one of the purposes of an ERC program is to ensure no net increase in emissions while accommodating economic growth;

WHEREAS, working with San Joaquin staff and leadership, in response to citizen questions, and consistent with CARB's oversight and coordination responsibilities, CARB staff has carefully reviewed San Joaquin's ERC Program and related permitting programs;

WHEREAS, CARB staff has provided a report on the findings of the review of the SJVAPCD ERC program, and the District has provided a response to that report;

WHEREAS, the CARB staff identified the following overarching findings in its review of the San Joaquin Valley ERC System:

- The program needs to be more transparent to the public and industry and more rigorous;
- Implementation procedures and policies need to be upgraded; and
- Assumptions in the equivalency demonstration need to be reviewed and revised as needed;

WHEREAS, the District has committed to:

- Develop a new equivalency tracking database, including associated documentation;
- Conduct a public workshop each year, beginning with the 2020 equivalency demonstration, to present the results of the annual equivalency demonstration prior to taking the report to the District's Governing Board;
- Enhance the annual demonstration report to make the report more understandable beginning with the 2020 equivalency demonstration, including more fully characterizing adjustments made to year-to-year carry-overs to ensure the public can better understand all adjustments effective in a tracking year;
- Convene a public advisory working group consisting of affected stakeholders, including regulated Valley businesses, Valley residents, and federal, state, and local public agencies, to assist in developing solutions related to the District's offset equivalency system, as needed to maintain an effective permitting system that allows for strong economic growth and protection of public health;
- Adjust calculated emission reductions from all affected Agricultural Internal Combustion Engine projects to reflect the appropriate load-factor, and incorporate these adjustments into the 2020 equivalency demonstration. The District will include a discussion of the analysis and adjustments in the 2020 report;
- Analyze the orphan shutdowns projects identified by CARB, and make adjustments, as appropriate, for inclusion in the 2020 equivalency demonstration. The District will include a discussion of the analysis and adjustments in the 2020 report; and
- Update the District's policies that pertain to the quantification of emissions reductions from orphan shutdowns, and ensure procedures and associated staff training maintain consistency with District New Source Review (NSR) criteria for creditability of emissions reductions.

NOW, THEREFORE, BE IT RESOLVED that the Board finds that:

1. Staff's findings, including but not limited to those regarding orphan shutdowns, agricultural pump load factors, and use of Moyer program-funded projects, are well-supported and therefore adopted by the Board;
2. The District's commitments are necessary next steps, which must proceed rapidly, as staff's findings are anticipated to have significant impacts in the District's 2020 equivalency demonstration;
3. In the event that equivalency is not demonstrated San Joaquin District Rule 2201, Section 7.4 triggers automatic remedies, including time of use accounting for ERCs;

BE IT FURTHER RESOLVED that the Board directs staff to:

1. Participate in the District's public process and report to the Board on the District's implementation of commitments;
2. Convene a CARB, California Air Pollution Control Officers Association, and stakeholders to assess the implementation of NSR programs in California and opportunities to optimize the system for regional and community scale effectiveness; and
3. Coordinate with local air districts on permitting actions and rule and policy development including providing comments to promote consistency, where appropriate, to strengthen programs.