

NOTICE OF DECISION

To: Office of the Secretary of the
California Natural Resources Agency
General Counsel's Office
1416 9th Street, Suite 1311
Sacramento, CA 95814

From: South Coast Air Quality Management
District
Planning, Rule Development and Area Sources
21865 Copley Drive
Diamond Bar, CA 91765

Subject: Filing of Notice of Decision in compliance with Public Resources Code Section 21080.5(d)(2)(E), CEQA Guidelines Section 15252(b), and South Coast AQMD Rule 110(f)

Project Title: Final Subsequent Environmental Assessment (SEA) for Proposed Rule (PR) 1109.1 – Emissions of Oxides of Nitrogen from Petroleum Refineries and Related Operations, PR 429.1 – Startup and Shutdown Provisions at Petroleum Refineries and Related Operations, Proposed Amended Rule (PAR) 1304 – Exemptions, PAR 2005 – New Source Review for RECLAIM, and Proposed Rescinded Rule 1109 – Emissions of Oxides of Nitrogen from Boilers and Process Heaters in Petroleum Refineries

Lead Agency: South Coast Air Quality Management District (South Coast AQMD)

SCH Numbers: 2014121018

Date Certified: November 5, 2021

South Coast AQMD Number: 20210901KN

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Project Location: The project applies to petroleum refineries and facilities with operations related to petroleum refineries located in the South Coast AQMD jurisdiction, which includes the four-county South Coast Air Basin (all of Orange County and the non-desert portions of Los Angeles, Riverside and San Bernardino counties), and the Riverside County portion of the Salton Sea Air Basin and the non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin.

Project Description: The project is comprised of adopted Rules 1109.1 and 429.1, amended Rules 1304 and 2005, and rescinded Rule 1109. The adoption of Rule 1109.1 established Best Available Retrofit Control Technology (BARCT) requirements to reduce nitrogen oxide (NO_x) emissions while not increasing carbon monoxide (CO) emissions from petroleum refineries and facilities with operations related to petroleum refineries which includes asphalt plants, biofuel plants, hydrogen production plants, facilities that operate petroleum coke calciners, sulfuric acid plants, and sulfur recovery plants. The following combustion equipment categories are applicable to Rule 1109.1: 1) boilers; 2) gas turbines; 3) ground level flares; 4) fluidized catalytic cracking units; 5) petroleum coke calciners; 6) process heaters; 7) sulfur recovery units/tail gas treating units; 8) steam methane reformer (SMR) heaters; 9) SMR heaters with gas turbine; 10) sulfuric acid furnaces; and 11) vapor incinerators. The adoption of Rule 429.1 established new requirements for startup, shutdown, and certain maintenance events, including an exemption from the NO_x and CO emission limits in Rule 1109.1 during these events. Rule 429.1 also contains notification and recordkeeping requirements for units subject to Rule 1109.1. To achieve the BARCT NO_x concentration limits in Rule 1109.1, installations or modifications of post-combustion air pollution control equipment, including but not limited to selective catalytic reduction (SCR) and ultralow

NOx burner (ULNB) technology, is expected to occur, which will reduce NOx emissions but may also increase emissions of particulate matter and sulfur oxide (SOx), which may trigger Best Available Control Technology (BACT). Amended Rules 1304 and 2005 include a narrow BACT exemption to address potential emission increases associated with installation of new or the modification of existing post-combustion air pollution control equipment or other equipment modifications to comply with the NOx emission limits in Rule 1109.1. Rule 1109 was rescinded because the requirements in Rule 1109.1 supersede the outdated requirements in Rule 1109. Implementation of the project is estimated to reduce NOx emissions by approximately 7 to 8 tons per day (tpd), while not increasing CO emissions. If the minimum 7 tpd of NOx emission reductions is achieved, a corresponding regionwide net decrease in annual PM2.5 concentration of 0.11 micrograms per cubic meter is also expected.

This is to advise that the South Coast AQMD has certified the Final SEA, approved the above described project, and has made the following determinations:

1. The South Coast AQMD, as lead agency, has evaluated the potential environmental effects of the project pursuant to the California Environmental Quality Act (CEQA).
2. The project amends the previous BARCT assessments conducted for: 1) facilities in the refinery sector as previously analyzed in the December 2015 Final Program Environmental Assessment (PEA) for Proposed Amended Regulation XX – Regional Clean Air Incentives Market (December 2015 Final PEA for NOx RECLAIM); and 2) Control Measure CMB-05 and the entire RECLAIM Transition project in the 2016 Air Quality Management Plan (AQMP) as previously analyzed in the March 2017 Final Program Environmental Impact Report (EIR) for the 2016 AQMP.
3. When examining the potential environmental impacts pursuant to CEQA Guidelines Section 15187 which requires South Coast AQMD to perform an environmental analysis when proposing to adopt a new rule or regulation requiring the installation of air pollution control equipment, or establishing a performance standard, the analysis revealed that the project contains new information of substantial importance which was not known and could not have been known at the time of certification of: 1) the December 2015 Final PEA for NOx RECLAIM; and 2) the March 2017 Final Program EIR for the 2016 AQMP [CEQA Guidelines Section 15162(a)(3)].
4. The requirements for a Subsequent EIR were triggered pursuant to CEQA Guidelines Section 15162 and a Final SEA, a substitute document in lieu of a Subsequent EIR with significant impacts as allowed pursuant to CEQA Guidelines Section 15252 and South Coast AQMD's Certified Regulatory Program [Public Resources Code Section 21080.5 and CEQA Guidelines Section 15251(l); codified in South Coast AQMD Rule 110], was prepared.
5. The Final SEA contains the environmental analysis required by CEQA Guidelines Section 15187 and tiers off of the December 2015 Final PEA for NOx RECLAIM and the March 2017 Final Program EIR for the 2016 AQMP as allowed by CEQA Guidelines Sections 15152, 15162, 15168, and 15385. The Final SEA is a subsequent document to the December 2015 Final PEA for NOx RECLAIM.
6. The December 2015 Final PEA for NOx RECLAIM (State Clearinghouse No. 2014121018) and the March 2017 Final Program EIR for the 2016 AQMP (State Clearinghouse No. 2016071006), upon which the Final SEA relies, were incorporated by reference pursuant to CEQA Guidelines Section 15150.

7. With the exception of greenhouse gas emissions, the project analyzed in the Final SEA is expected to substantially increase the severity of the significant effects that were previously examined in the December 2015 Final PEA for NO_x RECLAIM. [CEQA Guidelines Section 15162(a)(3)(B)].
8. The Final SEA concluded that the project will have the potential to generate significant and unavoidable adverse environmental impacts that are more severe than the NO_x RECLAIM project analyzed in the December 2015 Final PEA for NO_x RECLAIM for the same environmental topics of: 1) air quality during construction; 2) hazards and hazardous materials associated with ammonia; and 3) hydrology. In addition, the Final SEA concluded that the project is expected to have less severe, but significant impacts for greenhouse gas emissions that were previously examined in the December 2015 Final PEA for NO_x RECLAIM. Overall, the project is considered to have significant and unavoidable adverse impacts, even after mitigation measures are applied for :1) air quality during construction and greenhouse gases; 2) hazards and hazardous materials associated with ammonia; and 3) hydrology.
9. The Final SEA includes an alternatives analysis and analysis of mitigation measures. The mitigation measures for air quality during construction, greenhouse gases and hydrology that were made a condition of approval of the NO_x RECLAIM project analyzed in the December 2015 Final PEA for NO_x RECLAIM and the corresponding Mitigation Monitoring Plan that was adopted at that time in accordance with Public Resources Code Section 21081.6 and CEQA Guidelines Section 15097, have been updated for clarity and consistency with mitigation measures from other, more recently adopted South Coast AQMD rule development projects with similar environmental impacts. While no feasible mitigation measures for avoiding or reducing hazards and hazardous materials impacts associated with ammonia were identified at the time the December 2015 Final PEA for NO_x RECLAIM was certified, the Final SEA contains new mitigation measures to address the hazards and hazardous materials impacts associated with the use and storage of ammonia. Even after mitigation measures are applied, the project is considered to have significant and unavoidable adverse impacts for the topics of: 1) air quality during construction and greenhouse gases; 2) hazards and hazardous materials associated with ammonia; and 3) hydrology. Thus, a Mitigation, Monitoring, and Reporting Plan for the Final SEA, was certified and adopted pursuant to Public Resources Code Section 21081.6 and CEQA Guidelines 15097.
10. Findings were made pursuant to Public Resources Code Section 21081.6 and CEQA Guidelines Section 15091, and a Statement of Overriding Considerations pursuant to CEQA Guidelines Section 15093 was adopted.
11. Pursuant to CEQA Guidelines Section 15092(b)(2)(B), the South Coast AQMD has determined that the remaining significant effects on the environment found to be unavoidable in accordance with the Findings made pursuant to CEQA Guidelines Section 15091 are acceptable due to overriding concerns described in the Statement of Overriding Considerations prepared pursuant to CEQA Guidelines Section 15093.
12. The South Coast AQMD Governing Board has reviewed and considered the Final SEA; the Findings, Statement of Overriding Considerations, and Mitigation, Monitoring, and Reporting Plan for the Final SEA; the December 2015 Final PEA for NO_x RECLAIM; the Findings, Statement of Overriding Considerations and Mitigation Monitoring Plan for the December 2015 Final PEA for NO_x RECLAIM; the March 2017 Final Program EIR for the 2016 AQMP; and supporting documentation prior to making a decision on the project.

The Final SEA; the Findings, Statement of Overriding Considerations, and Mitigation, Monitoring, and Reporting Plan for the Final SEA; the December 2015 Final PEA for NOx RECLAIM; the Findings, Statement of Overriding Considerations, and Mitigation Monitoring Plan for the December 2015 Final PEA for NOx RECLAIM; the March 2017 Final Program EIR for the 2016 AQMP; supporting documentation; and record of project approval may also be examined at: South Coast AQMD, 21865 Copley Drive, Diamond Bar, CA 91765.

Date Received for Filing

Signature: *Barbara Radlein*

Barbara Radlein
Program Supervisor, CEQA
Planning, Rule Development and Area Sources