

# Public Workshop

## Proposed Draft Rule 3172

(Federally Mandated Ozone Nonattainment Fee - 2008 8-Hour Standard)

## Proposed Draft Rule 3173

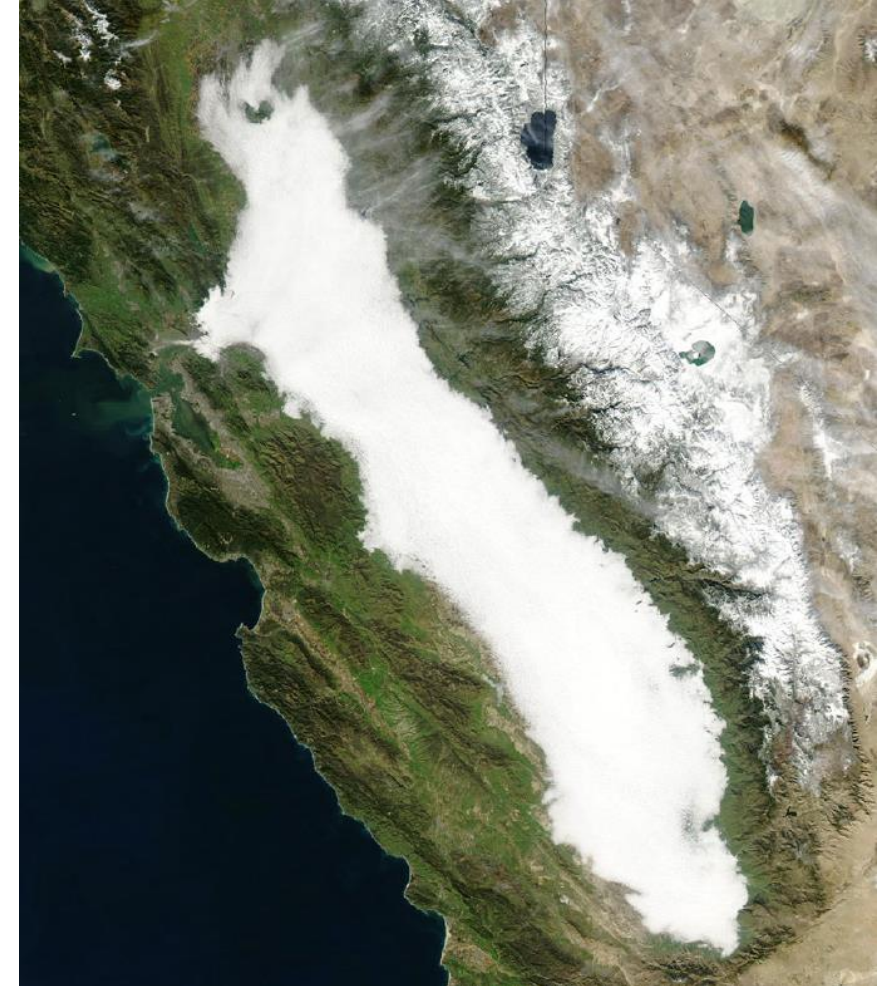
(Federally Mandated Ozone Nonattainment Fee - 2015 8-Hour Standard)

October 27, 2023

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# Valley's Air Quality Challenges

- Valley's challenges in meeting federal air quality standards unmatched due to unique combination of topography and meteorology
- Valley faced with variety of challenges including role as major goods movement corridor, high population growth, pollution transport from other areas, wildfires
- Conditions require substantially greater emissions reductions in Valley to meet clean air targets than other regions



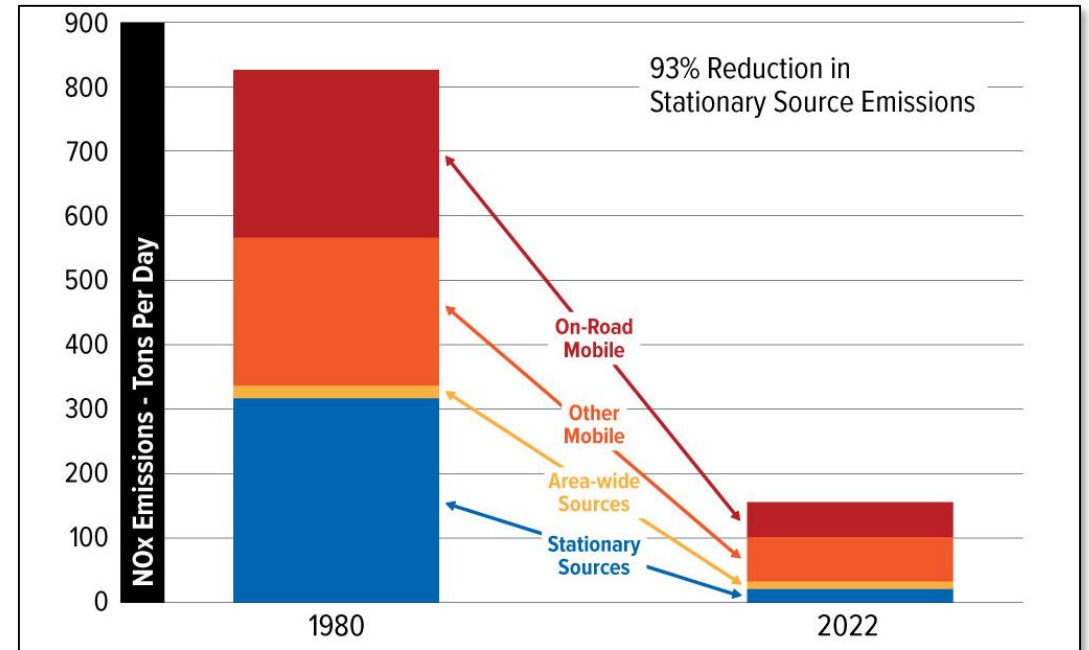
# Sources of Emissions

- Emissions come from a variety of sources in the Valley, all contributing to regional air pollution



# Adopted Controls Are Improving Air Quality

- Governing Board has adopted numerous attainment plans and air quality control strategies to address federal standards
  - Stationary source ozone and PM-forming NOx emissions reduced by over 90% through hundreds of regulatory actions
- California Air Resources Board (CARB) has adopted numerous mobile source control strategies
- District/CARB combined efforts represent nation's toughest emissions control program
- Strong incentive programs (\$5 billion in public/private investment)
- Through significant clean air investments, Valley continues to make major improvements with respect to air quality



# Federal Clean Air Act Requirements

- Clean Air Act (CAA) requires that “Severe” or “Extreme” ozone nonattainment areas adopt rules to implement CAA Section 185
- CAA Section 185 requires assessment of a fee intended as a penalty in the event an area misses an applicable ozone attainment date for a standard
  - Applies to Major Sources of NO<sub>x</sub> and VOC in “Severe” or “Extreme” nonattainment areas
- Fees are required on an annual basis until the area reaches attainment of the Ozone NAAQS

# Federal 2008 and 2015 8-Hour Ozone Standards

- Valley is classified as Extreme non-attainment for the 2008 and 2015 8-Hour Ozone NAAQS
- 2016 Ozone Plan outlined the strategies for attainment of the 2008 standard by the 2031 attainment date
- 2022 Ozone Plan outlined the strategies for attainment of the 2015 standard by the 2037 attainment date
- Significant progress made in reducing ozone concentrations and attaining these standards

# District CAA Section 185 Fee Rules

## **Rule 3170**

- To implement the mandated fees for the now-revoked 1979 1-hour ozone standard
- Fees required since 2011 Fee Assessment Basis Year
- EPA determined Valley in attainment in 2016 – first and only region in the nation with “Extreme” nonattainment classification to attain standard
- Maintenance Plan submitted to EPA along with request to terminate Section 185 nonattainment fees – awaiting EPA action

## **Rule 3171**

- To implement mandated fees for the now-revoked 1997 8-hour Ozone Standard in the event the Valley does not attain

## **Rule 3172 (subject of today's item)**

- To implement mandated fees for the 2008 8-hour Ozone Standard in the event the Valley does not attain

## **Rule 3173 (subject of today's item)**

- To implement mandated fees for the 2015 8-hour Ozone Standard in the event the Valley does not attain

# CAA Section 185

- CAA Section 185 Fee
  - Baseline Period based on the attainment year for the different CAA standards
  - Fee based on VOC and NOx emitted in excess of 80% of baseline emissions
  - Annual Fee is \$5,000 per ton of pollutant (in 1990 dollars)
    - Annually adjusted for inflation using U.S. City Average Consumer Price Index for all-urban consumers in accordance with Section 502(b)(3)(B)(v) of the federal Clean Air Act.
    - EPA's 2022 Fee: \$11,122 per ton



# Overview of Proposed District Rules 3172 and 3173

- Directly implements the required Fee Programs for the 2008 and 2015 8-Hour Ozone NAAQS to satisfy Section 185 requirements
  - Avoids collection of 185 fees by EPA where funds would go into general federal treasury that may not directly benefit the Valley
  - CAA does not allow for alternative fee programs for non-revoked standards
- Assesses fees from any Major Source of NO<sub>x</sub> and/or VOC that has permitted equipment
- Baseline Period is:
  - Rule 3172: Attainment Year (the EPA-approved date that the San Joaquin Valley Air Basin must attain the 2008 Ozone NAAQS)
  - Rule 3173: Attainment Year (the EPA-approved date that the San Joaquin Valley Air Basin must attain the 2015 8-hour Ozone NAAQS)
- All Major Sources of NO<sub>x</sub> or VOC must submit annual emissions statements of actual NO<sub>x</sub> and VOC emissions
- Annual reporting to EPA


# Next Steps: Public Engagement Process for Rules 3172 and 3173



Public Comment Period  
Through November 10,  
2023



30-Day Publication of  
Proposed Rule Package  
November 20, 2023



Governing Board  
Public Hearing  
December 21, 2023



Public participation is encouraged throughout process

# Contact

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# Comments/Questions

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