



California Metals Coalition

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SCAQMD New Source Review (NSR) Stakeholder Meeting Location: Diamond Bar, CA | January 21, 2009



~ CMC Member Briefing ~

Background: South Coast Air Quality Management District's (SCAQMD) **Rule 1315** allowed them to collect and accrue emission credits from facilities that had shut down and did not have emission credit certificates.

With the credits accrued under Rule 1315, the SCAQMD used these credits to offset new permits under the following rules:

- 1) **Rule 1309.1** (Priority Reserve): New projects for essential public services (ex: sewage) and power plants
- 2) **Rule 1304:** Exemptions for equipment replacements, small sources (<4 tons/year), relocations, concurrent facility modifications, equipment upgrades, and others.

Lawsuit: A recent court ruling has halted South Coast Air Quality Management District's (SCAQMD) use of Rule 1304 and Rule 1309.1 to issue permits. A similar lawsuit has targeted Rule 1315.

The action came in result of a lawsuit filed in 2007 by the Natural Resources Defense Council, Communities for a Better Environment, Coalition for a Safe Environment, and California Communities Against Toxics.

Important: Permits issued by the SCAQMD as far back as **September 8, 2006**, can be affected. Overall, the SCAQMD reported that over 20,000 previously issued permits will be impacted by this ruling.

Stakeholder Meeting: The SCAQMD held a stakeholder meeting on January 21 to brief the public on how the lawsuit impacts their current, past, and future operations.

Handouts: The January 21 SCAQMD power points and FAQ's are available to download from the CMC web site: www.metalscoalition.com/action.html.

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Report from SCAQMD January 21, 2009 Meeting

Can Permits be Revoked?: Permits cannot be immediately revoked because the SCAQMD has appealed the court decision. During the appeal process, facilities can continue to operate under their existing permits. The appeal process is expected to take 9-12 months.

But if the appeal is denied, and no new rules are established, permits exempted under 1309.1 and 1304 are expected to be revoked. Facilities would need to apply for new permits and/or purchase ERC's (emission reduction credits) to offset the equipment.

What if I need a permit now?: There are over 1,100 pending permits currently being tied-up in this process. Without 1304 or 1309.1, facilities would need to purchase ERC's as an offset.

Should I be more concerned about Rule 1304 or Rule 1309.1?: CMC members should be more concerned with Rule 1304. Most facilities have used Rule 1304 to exchange old equipment for new ones, to install equipment with less than 4 tons/year, to relocate equipment, and to modernize or modify equipment. Rule 1309.1 is mainly geared towards public services. Unfortunately, the lawsuit targeted both rules.

Can the SCAQMD keep Rule 1304 without Rule 1309.1?: The primary complaints from the environmental groups were directed towards Rule 1309.1. The SCAQMD did not state whether one rule could survive over another. But discussions of a Rule 1309.2 were mentioned.

Can I get involved in this process?: The SCAQMD is accepting applications to join the working group on this issue. Contact Elaine Chang (echang@aqmd.gov) or 909-396-3186. Include your name, company, contact info, and what company or sector you represent.

Did the SCAQMD give any specific advice?: The panelists, including SCAQMD chief legal counsel and Executive Director Barry Wallerstein, did not give specific advice to scenarios posed by the group.

Next Meetings: Here is the tentative schedule for future SCAQMD hearings.

- Wed., February 18, 2009 1:00 PM 3:00 PM
- Thurs., March 19, 2009 1:00 PM 3:00 PM
- Wed., April 22, 2009 1:00 PM 3:00 PM
- Future Meetings Beyond April: Tentatively 3 Wed of each month

What should companies do to prepare?: Look at your permits issued between September 2006 and January 2009. If the SCAQMD used Rule 1304 to offset emission credits, you will likely be impacted. To be sure of your status, contact your environmental consultant. CMC has a list of metalworking industry-based consultants if you need a referral.

California Metals Coalition involvement: CMC will continue to participate in this process on behalf of its members, as well as monitor the legal hearings.