

Overview of Proposed Updates to District's Best Available Control Technology Policy

Permit Stakeholders Meeting
October 28, 2020

Existing BACT Policy

- Originally adopted upon District formation in 1992
- Revised in 1999 to enhance procedures for greater public participation if significant changes to BACT guidelines
- Last revised in 2008
 - Increased cost effectiveness thresholds to the highest level in place in other California air districts
 - Modified emission reduction calculation related to cost effectiveness
 - Changes only affected cost effectiveness calculations for technologically feasible control options
 - Did not affect requirements for achieved in practice BACT (does not rely on cost effectiveness calculations)

Existing BACT Policy Cost Effectiveness Thresholds

NOx	CO	VOC	SOx	PM10
\$24,500/ton	\$300/ton	\$17,500/ton	\$18,300/ton	\$11,400/ton

Proposed Updates

- Effective January 2021, update cost effectiveness thresholds
 - Over a decade since thresholds last updated
 - Considering consumer price index (CPI) adjustment to thresholds using 2008 as base year
 - Considering increase to VOC threshold
 - District is extreme non-attainment for ozone
 - Other areas of California with lessor air quality challenges have higher cost effectiveness thresholds for VOC
 - Propose to increase VOC threshold to be equal to NO_x threshold
 - Considering future annual CPI adjustments to thresholds

Proposed Updates (cont'd)

- Effective January 2021, update interest rate assumption used in cost effectiveness calculations
 - Current 10% interest rate assumption is not consistent with current actual interest rates and is higher than many other air districts
 - Considering pegging to US treasury 10 year security rate
 - 3-year rolling average
 - Add 2% to account for incremental risk
 - Using this method, interest rate assumption would be ~ 5%
 - Considering future annual adjustment

Proposed Updates (cont'd)

- Enhance system for updates to BACT guidelines
 - Consistent with “clean emission units” criteria in Rule 2201, prefer to have BACT guidelines no more than 5 years old
 - Some current BACT guidelines are more than 10 years old
 - Need to enhance system to ensure regular updates to BACT guidelines

Next Steps

- Public workshop to discuss proposed updates to BACT policy
 - Tentative date – Thurs Dec 3, 2020 @ 10:30 am
- Proposed updates to be posted before workshop

BACT Policy Updates contact

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