

PRELIMINARY DRAFT NOX RECLAIM FACILITY SHUTDOWN PROVISIONS
JULY 21, 2016

Rule 2002 - Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx)

(i) Facility Shutdowns

- (1) Any Facility Permit Holder that permanently shuts down or surrenders all operating permits for the entire facility shall have its adjusted initial NOx allocation reduced each compliance year by an amount equivalent to the difference between:
 - (A) The average of actual NOx emissions from the highest 2 of the past 5 compliance years for the facility; and
 - (B) The NOx emissions that would have occurred in those same 2 years if as if it was operated at the most stringent applicable BARCT emission factors specified in Rule 2002(f)(1)(L).
- (2) Any offsets provided by the SCAQMD pursuant to Rule 1304 that remain as part of the adjusted initial NOx allocation shall also be subtracted for each compliance year.
- (3) The reduction of RTCs calculated pursuant to paragraph (i)(1) shall not exceed the adjusted initial allocation.
- (4) The reduction of NOx RTCs pursuant to paragraph (i)(1) shall apply to all future compliance year RTCs.
- (5) If any RTCs that would have been reduced from the adjusted initial allocation pursuant to paragraph (i)(1) have been sold prior to the reduction, the Facility Permit Holder shall purchase and retire sufficient RTCs to fulfill the entire reduction requirement.
- (6) The requirements specified in this subdivision shall not apply to facility shutdowns where the RTCs are transferred to another facility under common ownership that conducts the same functions at another facility with the same 6-digit North American Industry Classification System (NAICS) designation.
- (7) In addition to self-reported facility shutdowns, the Executive Officer will determine a NOx RECLAIM facility to have shut down if the facility has been non-operational for a period of two consecutive years or longer, based on APEP reports. A facility is deemed to be non-operational if NOx emissions in any compliance year are less than 10 percent of the maximum annual NOx emissions in the previous 2 compliance years, excluding:
 - (A) Cyclical operations in conjunction with facility equipment;
 - (B) Delay in the availability of parts used to repair the shutdown equipment;
 - (C) Equipment that must be placed in a reserve status until remaining operations at the facility are recommissioned requiring the reinstatement of this equipment; or
 - (D) Emission reductions due to implementation of add-on NOx emission controls.

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- (8) In accordance to paragraph (i)(7), the Executive Officer will notify the Facility Permit Holder with a preliminary determination that their facility has been deemed as shutdown. The Facility Permit Holder shall submit within 30 days of the preliminary determination a plan application and provide information to demonstrate the preliminary determination did not adequately consider any of the factors listed under Subparagraphs (i)(7)(A) through (D). The Executive Officer shall evaluate the plan application and provide a final determination within 60 days of plan submittal.
- (9) The facility shall be deemed shut down if the Executive Officer fails to notify the Facility Permit Holder of changes to the preliminary determination within 60 days of the preliminary determination or of the plan submittal date, whichever is later. In such a case, the Facility Permit Holder may file an appeal to the Hearing Board.
- (10) Within 30 days of the preliminary determination of the facility shutdown as specified in paragraph (i)(7), the Facility Permit Holder may submit a plan application to request planned non-operation (PNO) status for a non-operational time period of no longer than 5 years for equipment within the facility. The Executive Officer shall consider the criteria in paragraphs (i)(6) and (i)(7) for approving the plan. All of the referenced criteria shall require company records to support the claim that a PNO status of no longer than 5 years is necessary and meets the criteria of this paragraph. Executive Officer approval for this PNO shall be obtained within 6 months of receiving the plan application. Otherwise, the facility shall be deemed shutdown and subject to the requirements specified in paragraphs (i)(1), (i)(2), (i)(3), (i)(4), and (i)(5). If granted, the facility's NO_x RTCs shall become non-tradable for the duration of the PNO status. Executive Officer denial of a PNO plan application may be appealed to the Hearing Board.
- (11) If a facility has been deemed shutdown, the adjusted initial allocation shall be reduced pursuant to paragraphs (i)(1), (i)(2), (i)(3), (i)(4), and (i)(5).
- (12) These requirements in this subdivision shall not apply to facilities without an initial allocation.