

# Compliance Corner

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*Aspen Environmental Consulting LLC is pleased to provide you with a free copy of this quarterly newsletter "Compliance Corner".*

## South Coast AQMD: What's the Latest on the Moratorium?

Under federal and state law, AQMD can issue permits for new, replaced, relocated, or modified equipment only if emission increases are "offset" by emission reductions from other equipment. Emission offsets are generally provided by the permit applicant in the form of Emission Reduction Credits (ERCs). AQMD rules do allow some facilities, such as essential public services, to obtain offsets from the District (called the Priority Reserve). A

recent court decision invalidated the AQMD rule specifying how the agency

accounts for and calculates the amount of emission reductions available to fund the

Priority Reserve and offset exemptions. Because of this court decision, the AQMD cannot at this time issue Permits to Construct that rely on credits from the Rule 1309.1 Priority Reserve, or rely on a Rule 1304 offset exemption.

Currently this has meant that Permits to Construct can only be issued to applicants providing offsets in the form of ERC certificates that are owned by the applicants or that are purchased from ERC holders in the open market. AQMD's own fact sheet states that "Credits on the open market are unaffordable, with estimated costs of \$234,000 for a gas station, \$1.6 million for a tortilla fryer and oven, and \$115 million for a landfill gas to energy project." The state senate is trying to fix this predicament with SB696. SB696 would allow AQMD to issue at least a limited amount of internal "offset" credits for smaller businesses or essential public services, but does potentially exclude power plants.

On July 6, 2009 the US District Court dismissed the federal court lawsuit filed by environmental groups. The state court however, still requires the district to go through CEQA, which the district is currently working through. At the same time the district is trying to overturn the state decision with the use of SB696.

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Aspen recommends that, if you are affected by the permit moratorium, you become familiar with SB696. You can read the bill by going to [www.sen.ca.gov/](http://www.sen.ca.gov/), click on "Legislation" and type in bill number.



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# Air Services by Aspen

- Air permits
- Compliance Audits
- BACT determination
- Risk Management Screening (Air Toxics)
- Annual Emission Reporting
- RECLAIM
- TITLE V
- Variance Assistance

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## Did you Know?

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- that 20% of the air pollution is caused by stationary sources. 80% is caused by mobile sources (which are regulated by CARB).
  - AB-32 regulates Green House Gases and California is the first to have such a law
  - that if you are small business (as defined in Rule 102) you are eligible for a 50% reduction in permit fees.
  - that there are seven criteria pollutants - can you name them? (SO<sub>x</sub>, NO<sub>x</sub>, ozone, lead, CO, Suspended Particulate matter and PM 2.5)
  - that California has ten criteria pollutants? In addition to the seven above, what other ones are added? (sulfates, Hydrogen sulfide, vinyl chloride and visibility reducing particulates)
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## AB 32-LCFS

On March 5, 2009 the Air Resources Board released its proposed regulation to implement the Low Carbon Fuel Standard. Considered an early initiative of AB-32, the rule proposes to reduce the emissions of greenhouse gases (GHG) by lowering the carbon content of transportation fuels used in California. The LCFS will reduce GHG emissions from the transportation sector by almost 10% of the total GHG emissions reductions needed to achieve the states mandated levels found in AB-32.

Unique in this ruling was the premise that each fuel has a “lifecycle” GHG emission value and that was incorporated into the standard. (The recent EPA proposed RFS2 also takes into account this “lifecycle” analysis). The lifecycle analysis represents the GHG emissions associated with the production, transportation, and use of low carbon fuels in motor vehicles. The lifecycle analysis includes the direct emissions associated with producing, transporting and using the fuels. In addition, the lifecycle analysis considers

any other effects, both direct and indirect, that are caused by the change in land use or other affects. For some crop-based biofuels, ARB identified land use changes as a significant source of additional GHG emissions; therefore, they proposed that emissions associated with land use changes be included in the carbon intensity values assigned to those fuels in the regulation. Recently, EPA also held a 2 day workshop about their proposed RFS2 Lifecycle Analysis, and there continues to be much concern and debate about these issues.

Regulated parties must demonstrate that the mix of fuels they supply meet the LCFS intensity standards for each annual compliance period. They must report all fuel provided and track the fuels carbon intensity through a system of “credits” and “deficits”. Credits are generated from fuels with lower carbon intensity than the standard. Deficits result from the use of fuels with a higher carbon intensity than the standard.

Need more information? Call Aspen at 714-692-2421. We have a wide variety of tools that can help.

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## Renewable Fuels Standard 2 (aka RFS2)

In May 2009 the Environmental Protection Agency (EPA) issued a notice of proposed rulemaking which updates the existing Renewable Fuel Standard. On July 7, 2009 EPA agreed to extend the comment period on this rule until **September 25, 2009**.

Who does this new rule apply to? It applies to anyone who may be involved with the production, distribution and sale of transportation fuels, including gasoline and diesel fuel or renewable fuels such as ethanol and biodiesel.

The RFS2 was established under the Energy Independence and Security Act of 2007 (EISA). It mandates the use of **36 billion gallons** of renewable fuel by 2022. It is clear that the volumes required by EISA will push the market to new levels.

EISA specifies four separate categories of renewable fuels: 1) renewable fuel; 2) advanced biofuel; 3) biomass-based diesel; and 4) cellulosic biofuel. The quantities of each of these types of fuels ramps up as we get closer to 2022.

What is the LifeCycle Analysis? EISA requires that a renewable fuel must meet minimum thresholds for their reduction in lifecycle greenhouse gas emissions: a 20% reduction in lifecycle GHG emissions for any renewable fuel produced at new facilities; a 50% reduction in order to be classified as biomass-based diesel or advanced biofuel; and a 60% reduction in order to be classified as cellulosic biofuel. The lifecycle GHG emissions means the aggregate quantity of GHG emissions related to the full fuel cycle, including all stages of fuel and

# Renewable Fuel Services by Aspen

## Permitting

Aspen can help you with many of your permitting needs. From air permitting (tanks and process units, to water permitting (NPDES or General Stormwater)



## Plan Writing

Aspen has broad experience in writing a variety of compliance plans including:

- 1) Facility Response Plans (EPA and USCG).
- 2) SPCC
- 3) Facility Security Plans
- 4) Fire Prevention Plans
- 5) Emergency Response Plans
- 6) RCRA Contingency Plans

## Employee Training

Aspen has several different employee training options: we can come to you to provide quality employee training or check out our website and register for one of our pre-schedule courses (some are webinars and some are offsite locations). Go to [www.aspenenviro.net](http://www.aspenenviro.net) and click on "Training Services. We also offer you the great convenience of paying by credit card.



## RENEWABLE FUEL STANDARD 2, CONTINUED

feedstock production and distribution, from feedstock generation or extraction through distribution and delivery and use of the finished fuel. EISA requires that one must assess the direct and indirect impacts that occur not just within the United States but also those that occur in other countries. The regulatory purpose of the lifecycle greenhouse gas emissions analysis is to determine whether renewable fuels meet the GHG thresholds for the different categories of renewable fuel.

### RFS2 Implementation:

In order to successfully implement the measures of RFS2, it requires that all regulated parties will need to "re-register". It also expands the registration requirement to foreign producers and importers. It is being proposed that all producers of renewable fuel (including foreign ones) meet the same requirements, including registering information about their feedstocks, facilities and products, as well as submitting an on-site independent engineering review of their facilities at the time of registration for the program and every 3 years thereafter. A renewable fuel importer is required to register basic information about their company prior to generating RINS. Under the new RFS2, only in limited cases can importers generate RINS for imported fuel that they receive without RINS.

Implementation of this proposed rule is still uncertain. The comment period has already been extended, so it is quite likely that implementation will also be somewhat delayed.



## USTs OK for certain Biodiesel Blends

Effective June 1, 2009, the Office of Administrative law of the State Water Resources Control Board, approved a regulatory action that will allow the lawful storage of certain biodiesel blends up to 20% biodiesel, 80% petroleum diesel, commonly know as B20, in underground storage tanks (USTs). The USTs must have been tested and approved for storing petroleum diesel. To learn more about it go to [http://www.waterboards.ca.gov/water\\_issues/programs/ust/regulatory/biodiesel\\_regs.shtml](http://www.waterboards.ca.gov/water_issues/programs/ust/regulatory/biodiesel_regs.shtml).

