

VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT  
ADVISORY COMMITTEE MEETING  
July 26, 2005  
MINUTES

Chairman Kuhn convened the meeting at approximately 7:40 p.m.

I. Director's Report

Christine White, manager of the APCD Engineering Division, said APCO Mike Villegas was out of town on District business. Ms. White reported that the Board approved the District's budget on June 28, 2005.

II. Call to Order

Chairman Kuhn called the meeting to order at approximately 7:40 p.m.

III. Roll Call

Present

Sara Head	Manuel Ceja
Duane Vander Pluym	Michael Kuhn
John Procter	Ron de la Pena
Hugh McTernan	Michael Moore
Scott Blough	Stan Greene
Ryan Kinsella	

Absent

Michael Gollub (excused)	Hector Irigoyen
Clint Matkovich	Aaron Hanson
Ron Dawson (excused)	

Staff

Christine White	Don Price
Chris Frank	

Public

Pat Baggerly – Citizens to Preserve the Ojai  
Russ Baggerly – Citizens to Preserve the Ojai  
Kevin Wright – ENTRIX / WSPA Energy Marketing Group

IV. Minutes

The minutes of the May 24, 2005, meeting were approved as drafted.

V. Chairman's Report

There was no Chairman's report.

VI. Public Comment

There was no public comment.

VII. Old Business

Proposed Revisions to New Source Review Rules (Rules 26, 26.1, 26.2, 26.3, 26.4, 26.5, 26.6, 11, 29 and 112).

APCD engineer Don Price made a presentation explaining the proposed rule revisions. He explained that staff is proposing to delete the community bank because it no longer has any purpose. He also explained that staff is proposing to delete the exemption for gasoline-dispensing facilities (GDFs). GDFs are currently exempt from the requirement to provide offsets for emission increases. By removing the exemption, GDFs will be subject to the same emission offsetting requirements as all other permitted emission sources. Mr. Price also explained the various other minor proposed revisions to the rules.

Committee Member Ceja asked if the District had kept sufficient records of past emission reduction credit (ERC) trading transactions to enable sources to re-bank any eligible ERCs. Don Price responded that the District has kept the records.

Committee Member Head suggested that language be added to Rule 26.4.F.2 requiring the District to publish notices of its intent to deposit forfeited ERCs in the essential public services account.

Committee Member Greene disagreed, stating that it should not be the District's responsibility to take extreme measures to locate the owners of abandoned ERCs. The ERCs should be deposited in the essential public services account after written notification as currently is proposed.

Committee Member Greene asked if the proposed rule revisions would result in an improvement in air quality. Don Price responded that by removing the exemption for GDFs, the rules would be made more stringent.

Committee Member Greene asked if the rule revisions would affect any existing requirements that restrict the use of ERCs in certain geographic locations. Christine White responded that the Ojai settlement is not affected by the rule revisions.

Committee Member Head asked about the frequency of essential public service bank transactions. Don Price responded that essential public service bank transactions have not been frequent and have not been large.

Committee Member Moore asked if the rule revision would have the effect of limiting GDFs to throughputs that result in less than 5 tons per year of permitted emissions. Don Price responded that very few GDFs have the potential to exceed 5 tons per year permitted emissions.

Committee member Blough asked how the rule revisions would improve the paperwork burden. Don Price responded that District staff would have less tracking and reporting to do.

Russ Baggerly, representing the Citizens to Preserve the Ojai, stated he is concerned the environment will suffer from the rule revisions. He said because the rule revision may have a significant air quality impact, there is an exception to the CEQA exemption staff is proposing to claim for this rule development project. He said the intent of the community bank is to cap emissions and prevent any net increase in emissions. He said staff should conduct a CEQA initial study. Don Price responded that the rule was revised in 1996 to make the community bank a non-binding tracking program, and since then, a negative community bank balance would not result in the denial of a small source permit application. He said the current rule revisions actually make the requirements stronger by repealing the offset exemption for GDFs with emissions larger than 5 tons per year.

Committee member Greene commented that there is a fixed amount of air and a growing population, and asked how District programs will control emissions impacts of multiple new GDFs with emissions of 5 tons per year or less. Christine White responded that the District requires best available control technology to be used on all new GDFs.

Committee member Kuhn said Mr. Green's point is valid, but staff's proposal does not change the fact that there is currently no requirement for emissions from sources of 5 tons per year or less to be offset.

Committee member Vander Pluym said small sources are being regulated by emission controls rather than emission offsets. He said the Ventura County Air Quality Management Plan uses population growth projections to assess countywide emissions-growth and the planning process uses that information to plan how to keep countywide emissions under control.

Pat Baggerly asked what caused the community bank balance to decline after 1996 if the bank was non-binding after that time. Don Price explained that staff deducted community ERCs from the community bank to reflect the permitting of new sources smaller than 5 tons per year, but the community bank was only a tracking program and a negative balance did not result in denial of permits due to the lack of available community bank credits.

Russ Baggerly expressed concern that the rule revisions would cause a significant increase in emissions and that the District needed to be more concerned with actual emissions rather than paper (rulemaking).

Committee member Kuhn said air quality continues to improve significantly due to District programs.

Kevin Wright of ENTRIX (consulting firm) representing the Western States Petroleum Association's Marketing Group told the group he had extensive experience arranging ERC transactions in Ventura County. He said he does not support staff's proposal to require large GDFs to offset emission increases exceeding 5 tons per year. He said GDFs have historically been exempted from offset requirements because of the inelastic demand for gasoline. He said EPA policy on banking deems emission reductions from GDFs as "not surplus" and it would not be equitable to require ERCs for increases at GDFs if EPA policy would prevent re-banking GDF emission reductions. Mr. Wright stated that the ERC market in Ventura County is tight and requested a delay in adoption of the rule amendments. Christine White responded that staff's position is GDF's need to be treated the same as other sources, and other types of sources are also inelastic. She said adoption would be delayed until October so staff can meet with interested parties to make sure everyone understands the issues.

Committee member Vander Pluym asked why GDFs were originally exempted from offsetting requirements. Don Price responded all GDFs were originally well under 5 tons per year. Additionally, because there have always been numerous GDFs in the permitting system, and many had fluctuating throughputs, they were exempted to streamline the permitting system.

Committee Member Moore asked if GDFs would actually be prevented from banking credits if they shut down. Kevin Wright responded that EPA policy requires significant discounting of inelastic sources because the reductions are not considered surplus.

Russ Baggerly said that staff's use of the general rule for exemption from CEQA is not appropriate because the rule revision is not simple and may result in a significant emissions increase.

Committee member Head made a motion to approve staff's proposal if additional language is added for a public notification system that would take effect before abandoned ERCs are forfeited to the essential public services account pursuant to proposed Rule 26.4.F.2.

Committee member Ceja seconded the motion.

Committee members Moore and Head suggested the following language be considered by County Counsel for addition to Rule 26.4.F.2. "Prior to the balance of any certificate being deposited into the essential public services bank, District shall do due diligence to contact registered owner of certificate which shall include publication weekly, four times in a 30 day period, in a newspaper of general circulation, and if no response is received shall be placed in the essential public services bank and if after six months there is no claim they shall be property of the County."

Committee member Ceja accepted the revision to the motion.

Committee members Greene requested a statement from County Counsel regarding staff's proposed claim of CEQA exemption. Don Price responded that County Counsel reviews and approves all CEQA exemptions prior to public hearings.

Committee members Blough said he was concerned that there was opposition from both the environmental community and industry.

The Committee voted 10 Yes and 1 No to approve the motion.

#### VIII. New Business

There was no new business.

#### IX. Adjournment

The meeting was adjourned at approximately 9:35 p.m.

Prepared by:  
Chris Frank, APCD Staff