

# NOx RECLAIM Working Group Meeting

July 31, 2014

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## Agenda

- Welcome & Introductions
- General BARCT Methodology
  - Refinery Sector
    - Coke Calciner
    - Sulfur Recovery/Tail Gas Incinerators
    - Refinery Boilers/Heaters
      - FCCU
      - Gas Turbines
  - Non-Refinery Sector
    - Sodium Silicate Furnace
    - Container Glass Furnaces
    - Metal Heat Treating Furnaces
    - Update on Cement Kilns
      - ICES
      - Gas Turbines
- Amount of Shave Determination
- RTC Reduction Calculation Methodology
- Shaving Methodology
- Market Protection Mechanisms
- Schedule/Next Meeting

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## Status

Category	Control Equipment Manufacturer Contacted	Preliminary Cost Effectiveness Analysis Completed
FCCU	X	X
Cement Kilns	X	X
Gas Turbines (Refinery and Non-Refinery)	X	X
Coke Calciner	X	X
Glass Furnaces	X	X
Metal Heat Treating Furnaces	X	X
SRU/Tail Gas	X	X
ICEs	X	X
Refinery Boilers/Heaters	X	X
Non-Refinery Boilers/Heaters	X	X

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## Overall BARCT Methodology

- Technical Feasibility
- Cost Effectiveness
  - Incremental Cost Effectiveness beyond 2000/2005 BARCT
  - Based on 2011 activity

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## **Refinery Sector Preliminary Analysis Coke Calciner**

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### **Proposed BARCT for Coke Calciner**

- Control Technologies:
  - Scrubber with LoTOx
  - UltraCat
- Proposed BARCT: 2 ppmv
- Implementation: 2017 to 2020 and may consider synchronizing with refinery's turnaround schedule

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## Development of Present Worth Value Manufacturer's Information

- LoTOx estimated by BELCO of Dupont
  - Total Installed Costs (TIC) = \$6.25 M
  - Annual Operating Costs (AOC) = \$544,300
  - PWV with 1.5 contingency factor =  $TIC + (15.62 * AOC) = \$22.13 \text{ M}$
- Ultra-Cat estimated by Tri-Mer
  - Total Installed Costs (TIC) = \$12.74 M for NOx, SOx, PM Control
  - Annual Operating Costs (AOC) = \$1.13 M
  - Filter Replacement = \$215,000 every 5 years
  - PWV = \$50.61 M
- Equipment Life = 25 years
- Interest Rate = 4%

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## Proposed Incremental Cost Effectiveness

- Estimation Process
  - 2011 NOx emissions at 64.95 ppmv = 0.5 tpd
  - 2011 NOx emissions at 2005 BARCT of 30 ppmv = 0.25 tpd
  - 2011 NOx emissions at 2014 BARCT of 2 ppmv = 0.02 tpd
  - Incremental NOx emission reductions = 0.23 tpd
  - LoTOx:  $\$22.13 \text{ M} / (0.23 * 365 * 25) = \$10 \text{ K per ton NOx}$
  - UltraCat:  $\$50.61 \text{ M} / ((0.23 \text{ tpd NOx} + 0.28 \text{ tpd SOx}) * 365 * 25) = \$11 \text{ K per ton}$
- Range for Cost Effectiveness for Coke Calciner
  - \$10 K - \$11 K per ton (DCF Method)
  - \$17 K - \$18 K per ton (LCF Method)

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## Refinery Sector Preliminary Analysis Refinery SRU/TG Incinerators

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### Proposed BARCT for SRU/TG Incinerators

- Control Technologies:
  - SCR technology with Johnson Matthey, Haldor Topsoe, Mitsubishi-Cormetech, and others
  - Scrubber technology with LoTOx or KnowNOx
    - LoTOx technology uses Ozone (O<sub>3</sub>) to convert non-soluble NO into soluble components NO<sub>2</sub>, N<sub>2</sub>O<sub>5</sub> and HNO<sub>3</sub> while KnowNOx technology uses Chlorine Dioxide (ClO<sub>2</sub>)
- Proposed BARCT: 2 ppmv
- Implementation: 2017 to 2020 and may consider synchronizing with refinery turnaround

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## Development of Present Worth Value SCR Manufacturers' Information

- Process data of SRU/TG incinerators at three refineries were provided to SCR manufacturers
- Vendors' estimates are close
- Use the highest estimates
  - Total Installed Costs = \$1.4 M
  - Annual Operating Costs = \$123 K
  - Catalyst replacement: \$507 every 5 years
  - PWV with 1.5 Contingency Factor\* = \$6.95 M
- Equipment Life = 25 years
- Interest Rate = 4%

\*The total installed cost is multiplied by the contingency factor

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## Development of Present Worth Value Data LoTOx and KnowNOx Manufacturers' Information

- Process data of SRU/TG incinerators were provided to MECS and KnowNOx
- Costs information estimated by MECS of DuPont
  - Total Installed Costs = \$4.9 M - \$5.7 M for LoTOx only
  - Annual Operating Costs = \$49 K - \$99 K
  - PWV with 1.5 Contingency Factor = \$8.5 M – \$10.7 M
- Cost information estimated by KnowNOx
  - Total Installed Costs = \$1.4 M – \$1.44 M for KnowNOx only
  - Annual Operating Costs = \$108 K - \$199 K
- Use the higher estimates from MECS

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## Proposed Incremental Cost Effectiveness

- 10 out of 17 SRU/TG units are cost effective
  - DCF cost-effectiveness threshold of <\$50,000 per ton (LCF threshold ~\$80,000 per ton)
- Total Emission Reductions = 0.35 tpd
- Cost Effectiveness
  - \$15 K - \$21 K per ton (DCF Method)
  - \$25 K - \$36 K per ton (LCF Method)

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## Refinery Sector Preliminary Analysis Refinery Boilers/Heaters

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## Proposed BARCT for Boilers/Heaters

- Control Technologies:
  - SCR Technology: Johnson Matthey, Haldor Topsoe, Mitsubishi-Cormetech, and others
  - Other Technology: Great Southern Flameless Heater, ClearSign Duplex Burner, LoTOx, Cheng Low NOx
- Proposed BARCT
  - 2 ppmv for > 40 mmbtu/hr boilers/heaters
  - No new BARCT for smaller units
- Implementation
  - 2017 to 2020 and may consider synchronizing with refinery's turnaround schedule

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## Development of Present Worth Values

### SCR – Refinery's Data from Survey

- Achieved In Practice 1.6 ppmv – 3.5 ppmv
  - 14 heaters 13 mmbtu/hr – 653 mmbtu/hr
  - 7 SCRs with 3 SCRs shared between several heaters
  - Installation period from 1992 to 2008
- Equipment costs, installation costs, and annual operating costs provided by refineries
  - $PWV = TIC + (15.62 \times AOC)$
  - From the overall results, average  $PWV = 1.052 TIC$
- Equipment Life = 25 years
- Interest Rate = 4%

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## Development of Present Worth Values SCR – Refinery Consultants' Study

- Based on a study provided by a refinery:
  - 18 heaters rating: 24 mmbtu/hr - 352 mmbtu/hr
  - Several heaters have dual stack
  - Existing NOx level: 30 ppmv - 85 ppmv
  - Designed NOx level: 2 ppmv - 5 ppmv
- Total Installed Costs (TIC) provided by a consultant to the refinery
- $PWV = 1.052 * TIC$   
where 1.052 is from refinery survey

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## Development of Present Worth Values SCR – Manufacturers' Information

- Costs provided by 3 SCR manufacturers for 100 – 350 mmbtu/hr heaters
- All 3 manufacturers confirm that SCR for 2 ppmv NOx costs 5% - 10% more than SCR for 5 ppmv NOx
- Catalyst replacement frequency varies from 3 years to 7 years depending on manufacturers
- Ammonia slip at 5 ppmv and amount of 19% aqueous ammonia usage varies depending on manufacturers

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## **Development of Present Worth Values Great Southern Flameless Heaters**

- Achieved In Practice: 10 mmbtu/hr new crude heater in Coffeyville Kansas, 1 year in operation at 4-8 ppmv flameless mode firing
- Preheat combustion air in combination with proprietary flameless nozzle grouping (FNG) to create flameless combustion, eliminate hot spots and reduce NOx emissions.
- Stack-up module units up to 240 mmbtu/hr

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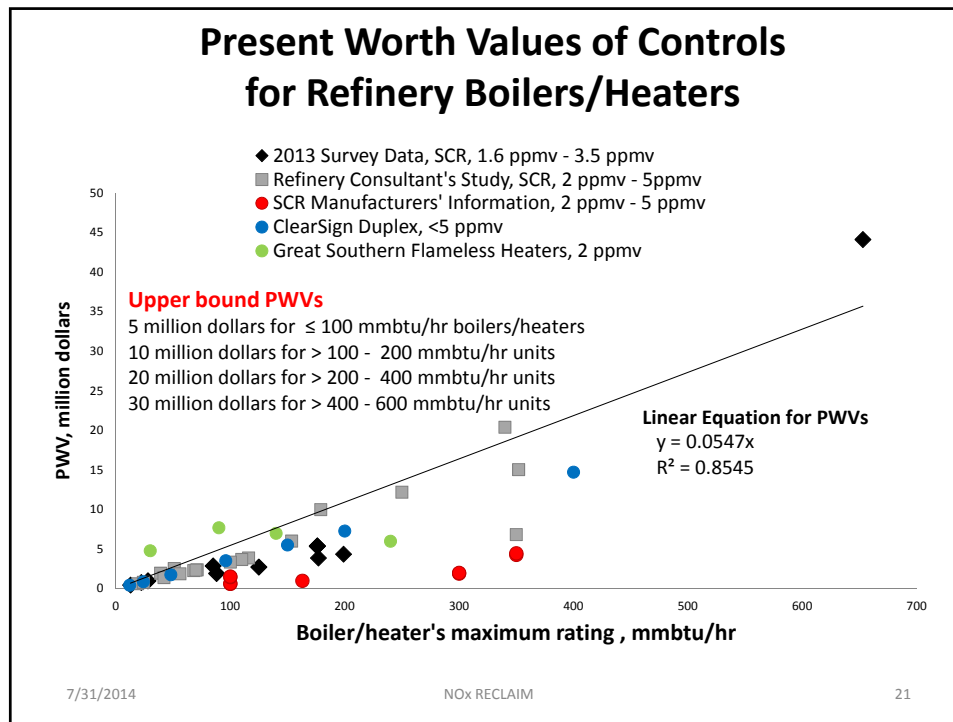
## **Development of Present Worth Values ClearSign DUPLEX Burners**

- Bench tested 1 mmbtu/hr firetube boiler to less than 5 ppmv NOx
- DUPLEX porous flame holder downstream of conventional burner to create uniform heat distribution, decrease flame length, eliminate hot spot, and reduce NOx emissions.
- Feasible to retrofit in existing applications
- Costs provided highly conservative and adjustable to market demand

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### Proposed Incremental Cost Effectiveness

- Total 212 units = 23 boilers + 189 heaters
- 103 units are cost effective, 109 not cost effective
  - DCF cost-effectiveness threshold of <\$50,000 per ton (LCF threshold ~\$80,000 per ton)
- Total Emission Reductions = 1.05 tpd
- Average Incremental Cost Effectiveness
  - \$27 K/ton (DCF Method) and \$44 K/ton (LCF Method) based on SCR technology using upper bound PWVs

## Refinery Sector

### Review for FCCUs

(Summary from January 22, 2014 WGM)

### and Gas Turbines

(Summary from March 18, 2014 WGM)

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## Proposed BARCT for FCCUs

(Summary from January 22, 2014 WGM)

- 2 ppmv NOx
- Control Technology
  - SCR
  - LoTOx
  - NOx Reducing Additives in combination with SCR or LoTOx
- Implementation Schedule
  - 2017 to 2020
  - May Consider Synchronization with Refinery's Turnaround Schedule

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## Proposed BARCT Cost Effectiveness @ 2 ppmv

### Incremental Cost Effectiveness with SCR or LoTOx

(Summary from January 22, 2014 WGM)

Equipment	2005 BARCT Level	Incremental PWV (\$M)	Incremental Emission Reduction from 2005 BARCT Level (tpd)	CE for 2014 BARCT (\$/ton)
	(a)	(b)	(c)	(d)
FCCUs with SCR	85% reduction	13	0.43	3,444
FCCUs with LoTOx	85% reduction	- 14	0.43	- 3,521

(a) 2005 BARCT level from Table 3 of Rule 2002

(b) Incremental difference in costs of control equipment for 85% reduction and control equipment for 2 ppmv

(c) Incremental emission reductions = Emissions @ 2005 BARCT – Emissions @ 2ppmv

(d) CE = (b)/(c\*365\*25) for DCF method. For LCF, CE = \$5,700 -\$5,900 per ton

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## Proposed BARCT for Gas Turbines

(Summary from March 18, 2014 WGM)

- 2 ppmv NOx
- SCR with as applicable
  - Dry Low NOx (DLN) / Dry Low Emissions (DLE)
  - Cheng Low NOx (CLN)
- Implementation Schedule
  - 2017 to 2020
  - May Consider Synchronization with Refinery's Turnaround Schedule

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## Proposed BARCT Cost Effectiveness @ 2 ppmv

Incremental Cost Effectiveness with SCR (Summary from March 18, 2014 WGM)

Unit Rating Profile (MW)	2000/2005 BARCT Level (lbs/mmsscft)	PWV (\$M)	Emission Reduction from 2000/2005 BARCT (tpd)	CE for 2014 BARCT (\$/ton)
(a)	(b)	(c)	(e)	(f)
59	62.27	15.7	0.210	8,210
46	62.27	12.6	0.310	4,472
30	62.27	8.9	0.200	4,851
23	62.27	7.2	0.140	5,631
83	62.27	4.8 (d)	0.600	870
<b>No Turbines/Duct Burners = 21 No of Cogen Units = 12</b>		<b>Total PWV = \$97.68 M</b>	<b>Total Reductions = 4.14 tpd</b>	<b>Average CE = 2,692 \$/ton (g)</b>

- (a) All gas turbines and all SCRs at the refineries were installed  $\geq$  25 years ago  
 (b) 2000/2005 BARCT Level from Table 1 of Rule 2002  
 (c)  $PWV = (0.2372 \times MW) + 1.7376$   
 (d) Costs for additional SCR catalysts to get from 10 ppmv to 2 ppmv  
 (e) Emission Reduction = Emissions @ 2000/2005 BARCT Level – Emissions @ 2 ppmv  
 where Emissions @ 2000-2005 BARCT Level = 2011 Fuel Gas Usage (mmsscft/yr) x 62.27 (lb/mmsscft)  
 Emissions @ 2 ppmv = 2011 Emissions x (2 ppmv / 2011 NOx Level in ppmv)  
 (f)  $CE = PWV / \text{Emission reductions from 2000-2005 BARCT} = (c) / (e \times 365 \times 25)$   
 (g) CE (DCF Method) = \$2692 per ton. CE (LCF Method) = \$4500 per ton for 25 years life and 4% interest rate

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## Non-Refinery Sector Preliminary Analysis

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## Cost Analysis for Sodium Silicate Furnace

- Year 2000 BARCT level: 6.4 lb/ton glass pulled
- No new BARCT level in 2005
- Proposed BARCT level
  - 80% Reduction (~1.2 lb/ton glass pulled)
- Proposed control technology
  - Selective Catalytic Reduction (SCR)
  - Ultra-Cat Ceramic Filters

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## Cost Analysis for Sodium Silicate Furnace

- SCR and Ultra-Cat manufacturer equipment costs used for Total Installed Costs (TIC)
- Annual Costs (AC) include ammonia consumption and catalyst replacement
- Present Worth Value (PWV) assumes a 4% interest rate and a 25-year equipment life

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## Cost Analysis for Sodium Silicate Furnace

- $PWV = TIC^* + (15.62 \times AC)$
- Emission Reductions (ER) for this category
  - 0.09 tons per day
- Cost Effectiveness =  $PWV / (ER \times 365 \text{ days} \times 25 \text{ years})$
- Cost Effectiveness Range
  - DCF range: \$3,500 - \$5,700 / ton
  - LCF range: \$5,600 - \$9,100 / ton

\*Applied a contingency factor between 0.4 and 0.6 depending on the vendor

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## Cost Analysis for Container Glass Melting Furnaces

- Year 2000 BARCT level: 1.2 lb/ton glass pulled
- No new BARCT level in 2005
- Proposed BARCT level
  - 80% Reduction (~0.2 lb/ton glass pulled)
- Proposed control technology
  - Selective Catalytic Reduction (SCR)
  - Ultra-Cat Ceramic Filters with dry scrubbing

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## Cost Analysis for Container Glass Melting Furnaces

- Multiple control options analyzed
  - Vendor 1: Dry scrubbing and ceramic filter system installed after the furnaces, replacing the dry scrubber and ESP. NO<sub>x</sub>, SO<sub>x</sub>, and PM removal.
  - Vendor 2: SCR system installed post ESP, NO<sub>x</sub> removal only.
    - Option 1: single chamber
    - Option 2: three chambers
  - Vendor 3: SCR system installed post ESP using costs provided by facility per EPA cost manual, NO<sub>x</sub> removal only.
    - Option 1: two chambers
    - Option 2: three chambers

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## Cost Analysis for Container Glass Melting Furnaces

- Present Worth Value (PWV) assumes a 4% interest rate and a 25-year equipment life
- $PWV = TIC^* + (15.62 \times AC)$
- Emission Reductions (ER) for this category
  - 0.24 tons per day
- Cost Effectiveness =  $PWV / (ER \times 365 \text{ days} \times 25 \text{ years})$
- Cost Effectiveness Range
  - DCF range: \$1,900 - \$8,900 / ton
  - LCF range: \$3,000 - \$14,200 / ton

\*Applied a contingency factor between 0.4 and 1.5 depending on the vendor

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## **Cost Analysis for Metal Heat Treating Furnaces (>150 MMBTU/hr)**

- BARCT level in 2005: 0.055 lb/MMBTU (45 ppm @3%O<sub>2</sub>)
- Proposed BARCT level: 80% Reduction (0.011 lb/MMBTU or 9 ppm @3%O<sub>2</sub>)
- Proposed control technology
  - Selective Catalytic Reduction (SCR)

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## **Cost Analysis for Metal Heat Treating Furnaces (>150 MMBTU/hr)**

- SCR equipment and achieved-in-practice installation costs used for Total Installed Costs (TIC)
- Annual Costs (AC) include ammonia consumption and catalyst replacement
- Present Worth Value (PWV) assumes a 4% interest rate and a 25-year equipment life

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## Cost Analysis for Metal Heat Treating Furnaces (>150 MMBTU/hr)

- $PWV = TIC^* + (15.62 \times AC)$
- Emission Reductions (ER) for this category
  - 0.35 tons per day
- Cost Effectiveness =  $PWV / (ER \times 365 \text{ days} \times 25 \text{ years})$
- Cost Effectiveness Range
  - DCF range: \$3,000 - \$3,800 / ton
  - LCF range: \$4,800 - \$6,000 / ton

\*Applied a contingency factor between 0.6 and 2 depending on the vendor

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## Updated Cost Analysis for Cement Kilns

- Multiple control options analyzed
  - Vendor 1: SCR system installed between waste heat boiler and baghouse. NOx removal only.
  - Vendor 2: Dry scrubbing and ceramic filter system installed after the waste heat boiler and replacing the baghouse. NOx, SOx, and PM removal.
  - Vendor 3: Wet gas scrubber and SCR system with heat exchanger installed after the waste heat boiler and replacing the baghouse. NOx, SOx, and PM removal.
- Cost Effectiveness Range
  - DCF range: \$2,900 - \$9,100 / ton
  - LCF range: \$4,600 - \$14,600 / ton

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## Non Refinery Boilers >40 MMBTU/hr

- BARCT level evaluated: 2 ppm @3%O<sub>2</sub>
- Achievement of emission level not cost effective for the units analyzed in the top 38 facilities (> \$70K per ton)
  - 1 boiler potentially may be cost effective

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## Non-Refinery Sector

### Review for ICEs

(Summary from January 22, 2014 WGM)

### and Gas Turbines

(Summary from March 18, 2014 WGM)

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## ICEs (Non-OCS, SI-Lean Burn)

(Summary from January 22, 2014 WGM)

- No new BARCT level in 2005
- Proposed BARCT level: 11 ppm @15% O<sub>2</sub>
- Proposed control technology: Selective Catalytic Reduction (SCR)
- Emission Reductions (ER) for this category
  - 0.84 tons per day
- Cost Effectiveness Range
  - DCF range: \$4,400 - \$7,300 / ton
  - LCF Range: \$7,200 - \$12,000 / ton

\*Adjustment to emission reductions and cost effectiveness made to reflect incremental reductions from the Tier 1 emission level

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## Gas Turbines (Non-OCS, Non-Power Plant)

(Summary from March 18, 2014 WGM)

- Tier-1 Level 2000 (0.06 lb/mmBtu)
- Proposed BARCT level: 2 ppm @15% O<sub>2</sub>
- Proposed Control technology: Selective Catalytic Reduction (SCR)
- Emission Reductions (ER) for this category
  - 1.07 tons per day
- Cost Effectiveness Range
  - DCF range: \$4,700 - \$36,000 / ton
  - LCF range: \$7,500 - \$57,500 / ton

\*Adjustment to emission reductions and cost effectiveness made to reflect incremental reductions from the Tier 1 emission level

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## Amount of Shave Determination

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## Refinery Sector

	Total No of Units	2011 Emissions (tpd)	2000/2005 BARCT	2011 Emissions at 2000/2005 BARCT (tpd)	2014 BARCT	2011 Emissions at 2014 BARCT (tpd)	Emission Reductions Beyond 2005 BARCT (tpd)	2023 Emissions at 2014 BARCT (tpd)
FCCUs/CO Boilers	8	1.08	85% control	0.60	2 ppmv	0.17	0.43	0.17
Turbines/Duct Burners	21	1.33	62.27 lbs/mmcf	4.86	2 ppmv	0.72	4.14	0.72
Coke Calciner	2	0.55	30 ppmv	0.25	2 ppmv	0.02	0.23	0.02
Sulfur Recovery Units/Tail Gas Incinerators	17	0.43	7 - 55 ppmv	0.43	2 ppmv 95% control	0.08	0.35	0.08
Boilers/Heaters > 110 mmbtu/hr	73	4.88	5 ppmv	0.82	2 ppmv	0.35	0.47	0.35
Boilers/Heaters 40-110 mmbtu/hr	69	2.00	25 ppmv	0.97	2 ppmv	0.39	0.58	0.39
Boilers/Heaters 20-40 mmbtu/hr	52	0.45	9 ppmv	0.10	-	0.10	0.00	0.10
Boilers/Heaters <20 mmbtu/hr	18	0.06	12 ppmv	0.02	-	0.02	0.00	0.02
Others (Major & Large Sources)	5	0.11		0.10	-	0.10	0.00	0.10
Process Units		0.6		0.6	-	0.6	0.00	0.6
<b>Total</b>	<b>265</b>	<b>11.5</b>		<b>8.76</b>		<b>2.56</b>	<b>6.20</b>	<b>2.56</b>

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DRAFT - NON-REFINERY SECTOR & PRELIMINARY ASSESSMENT IN TOP 38 FACILITIES									
	# of Units	2011 Emissions (tpd)	2000/2005 BARCT	2011 Emissions at 2000/2005 BARCT (tpd)	2014 BARCT	2011 Emissions at 2014 BARCT (tpd)	Emission Reductions Beyond 2005 BARCT (tpd)	Growth Factor	2023 Emissions at 2014 BARCT (tpd)
<b>POWER PLANTS*</b>									
Boilers	16	0.44	7 ppm	0.85	No new BARCT	0.85	0	1.146	0.97
Turbines/Duct Burners	21	0.83	No new level	1.50	No new BARCT	1.50	0	1.146	1.72
CEs	6	0.18	No new level	0.22	No new BARCT	0.22	0	1.146	0.25
<b>TOTAL</b>	<b>43</b>	<b>1.45</b>		<b>2.57</b>		<b>2.57</b>	<b>0</b>		<b>2.95</b>
<b>NON-POWER PLANTS</b>									
Boilers	16	0.08	9-12 ppm	0.07	No new BARCT	0.07	0	0.96	0.07
Heaters	3	0.01	60 ppm	0.01	No new BARCT	0.01	0	0.93	0.01
Furnaces >150 MMBTU/hr	2	0.49	45 ppm	0.49	9 ppm	0.14	0.35	0.93	0.13
Furnaces	10	0.31	45 ppm	0.31	No new BARCT	0.31	0	0.93	0.29
Glass Melting Furnaces	2	0.30	1.2 lb/ton	0.30	80% Reduction	0.06	0.24	1.18	0.07
Sodium Silicate Furnace	1	0.11	6.4 lb/ton	0.11	80% Reduction	0.02	0.09	1.21	0.02
Gas Turbines (non-OCS)	14	1.43	61.45 lb/mmcft	1.24	2 ppm	0.17	1.07	1.10	0.19
Gas Turbines (OCS)	6	0.49	61.45 lb/mmcft	0.12	No new BARCT	0.12	0	1.46	0.18
CEs (non-OCS)	25	0.35	217.36 lb/mmcft	1.05	11 ppm	0.21	0.84	1.03	0.22
CEs (OCS)	6	0.03	217.36 lb/mmcft	0.11	No new BARCT	0.11	0	1.46	0.16
<b>Cement Kilns**</b>	<b>2</b>	<b>1.61</b>	<b>2.73 lb/ton</b>	<b>1.61</b>	<b>0.5 lb/ton</b>	<b>0.29</b>	<b>1.32</b>	<b>0.9</b>	<b>0.26</b>
<b>TOTAL</b>	<b>87</b>	<b>3.60</b>		<b>3.81</b>		<b>1.22</b>	<b>2.59</b>		<b>1.33</b>
<b>TOTAL PP and NON-PP</b>	<b>130</b>	<b>5.05</b>		<b>6.38</b>		<b>3.79</b>	<b>2.59</b>		<b>4.27</b>
<b>Other Sources***</b>		<b>3.46</b>		<b>3.46</b>		<b>3.46</b>	<b>0</b>		<b>4.5</b>
<b>TOTAL NON-REFINERY</b>		<b>8.51</b>		<b>9.84</b>		<b>7.25</b>	<b>2.59</b>		<b>8.77</b>

\* Power Plants in the top 37. This analysis will extend to all the power plants since the OTC repowers will apply to some of the units outside the top 37.

\*\* CPC's emissions and emission reductions have NOT been included in the totals, this facility did not have any emissions in CY2011. CY2008 emissions were used to calculate the BARCT reductions.

\*\*\* Includes Non-Refinery Process Units in the Top 37 facilities and all other sources outside the Top 37.

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## Potential Adjustments to Account for Emissions

- Power Plants due to SONGS shutdown
- Shutdown Facilities Prior to 2011
- New Facilities After 2011

## RTC Reduction Calculation Method

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## Calculation Method

- Remaining Emissions in 2023  
= (Refinery + Non-Refinery Remaining Emissions + Potential Adjustment) x Growth Factor
- RTC Reductions  
= Current RTC Holdings (26.5 tons) – (Remaining Emissions x 10% adjustment factor)
- Sample Calculation  
Remaining =  $2.56 + 8.77 + 1^* = 12.33$  tons  
RTC Reductions =  $26.5 - (12.33 \times 1.1) = 12.94$  tons

*\*For illustration purposes*

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## Implementation Period

- 2016 = 2 tpd
- 2017-2020 to phase in BARCT
- Some refinery sources may be given an implementation schedule beyond 2020 to accommodate facility turnaround

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## Shaving Methodology Options

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## Shaving Methodology

- Across the board with off-ramp
  - Similar off-ramp criteria as in Rule 2002(i) – RTC Redemption Exemption
- Weighted to industry categories with high reduction potential and sufficient RTC holdings
- Others?

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NOx RECLAIM

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## Market Protection Mechanisms

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## Design Features for Market Protection

- 10% compliance margin applied to remaining emissions
- Assign a portion of shave to be non-tradable/non-usable
- RTC price threshold by which reductions would become usable, but non-tradable (\$15K per ton)

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## Design Features for Market Protection

- Price floor (recommended by environmental groups)
- SCAQMD set-aside account for NSR holding requirements (proposed concept)
- Program review if RTC > \$15K per ton
- Cross-cycle trading

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## Next Steps

- Complete emission adjustment analysis (August)
- Stakeholder review of BARCT determination (August – November)
- Third party consultants to review BARCT determination (August – November)
  - Refinery \$75K
  - Non-Refinery \$50K
- Prepare CEQA & Socioeconomic reports and public review (4<sup>th</sup> quarter)
- Rule adoption: 1<sup>st</sup> quarter 2015

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