ADDENDUM TO THE FINAL STAFF REPORT
Amend Rule 2002 – Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx)

Revised Staff Proposal

Subsequent to the completion of the attached staff report and Program Environmental Assessment and in our effort to resolve pending issues, staff is proposing the following minor revisions to its proposal.

Staff recommends that the compliance margin in the shave methodology for the proposed SOx RECLAIM amendment be raised from 10 to 18.5 percent. This change approximates the effective average compliance margin between RTC holdings and actual emissions in 2005 and 2008 and more accurately reflects the challenges facing a relatively smaller and less robust market. As a result of this change, the proposed SOx shave will change from 55 to 51.4 percent and the total SOx RTC reduction will be 5.7 tons per day (4,161,000 lbs/year). Staff is also proposing the consolidation of the eight-year-long implementation into four phases as follows:

	Compliance Year	RTC Reductions (tons/day)
Phase 1	2013	3.0
Phase 2	2014	4.0
Phase 3	2017	5.0
Phase 4	2019 and after	5.7

To ensure that SOx reductions are achieved early at the initial stages of rule implementation, staff is proposing the use of SOx additives beginning July 1, 2011 (alternative controls allowed).

CEQA evaluation of the Revised Staff Proposal

Staff has reviewed the recommended modifications to the proposed project identified above and concluded that the modifications are within the scope of the CEQA analysis for the proposed project and project alternatives in the Final Program Environmental Assessment (PEA). Specifically, the environmental impacts associated with the modifications to the proposed project are within the scope of what was analyzed for the proposed project under both Option 1 and Option 2. In addition, the emission reductions and environmental impacts

associated with the modifications to the proposed project are within the scope of what was analyzed for the proposed project and the alternatives. For these reasons, the modifications to the proposed project do not alter any of the conclusions reached in the Final PEA, nor provide new information of substantial importance relative to the environmental analysis since the release of the Draft PEA for public review and comment. Based on staff's review of the the proposed modifications, recirculation of the CEQA document pursuant to CEQA Guidelines §15088.5 is not required because the modifications do not constitute significant new information, which is defined as follows:

(1) A new significant environmental impact would result from the project or from a new mitigation measure proposed to be implemented.

(2) A substantial increase in the severity of an environmental impact would result unless mitigation measures are adopted that reduce the impact to a level of insignificance.

(3) A feasible project alternative or mitigation measure considerably different from others previously analyzed would clearly lessen the environmental impacts of the project, but the project's proponents decline to adopt it.

(4) The draft CEQA document was so fundamentally and basically inadequate and conclusory in nature that meaningful public review and comment were precluded.