

BOARD MEETING DATE: January 10, 2014

AGENDA NO. 20

PROPOSAL: Adopt Moratorium on Transfer of NO_x Emission Reduction Credits into Rule 2202 – On-Road Motor Vehicle Mitigation Options Program

SYNOPSIS: The proposal is to consider a moratorium on the transfer of NO_x Emission Reduction Credits (ERCs) into the Rule 2202 program. If approved, the moratorium would extend from January 10, 2014 to July 1, 2014. The moratorium on the use of NO_x ERCs will allow staff to evaluate the impact of their use in the Rule 2202 program and on New Source Review.

COMMITTEE: Not Applicable

RECOMMENDED ACTIONS:

1. Approve a moratorium on the transfer of NO_x ERCs into the Rule 2202 program from January 10, 2014 to July 1, 2014.
2. Direct staff to return with related Rule 2202 amendments at the earliest feasible date.

Barry R. Wallerstein, D.Env.
Executive Officer

EC:CG:EL

Background

Rule 2202 – On-Road Motor Vehicle Mitigation Options requires any employer who employs 250 or more employees at a work site to develop and implement an emission reduction program to reduce emissions related to employee commutes (between 6:00 AM and 10:00 AM). The rule provides employers with a menu of options to reduce these mobile source emissions. Employers are required to implement an Emissions Reductions Strategy (ERS) or participate in the Air Quality Investment Program (AQIP). The ERS requires employers to offset the emissions that result from employee commutes to the worksite during the peak commute window. The AQIP allows employers to participate in a program that seeks to fund mobile source projects that will yield emission reductions equivalent to those resulting from employee commutes. Alternatively, instead of an ERS or AQIP, an employer may elect to implement an Employee Commute Reduction Program (ECRP) otherwise known as a rideshare program. The ECRP focuses on reducing work related vehicle trips and vehicle miles

traveled to a worksite with the purpose of achieving an Average Vehicle Ridership (AVR) goal for an employer's worksites.

Recently, approximately about 27 percent of all NO_x Emission Reduction Credits (ERCs) was transferred into Rule 2202. Staff is concerned about the future availability of NO_x ERCs for stationary sources if additional large amounts of NO_x ERCs are used for Rule 2202 compliance. Therefore, a moratorium on NO_x ERCs is being proposed pursuant to Rule 2202 (f)(5), which authorizes the Executive Officer to approve alternative emission reduction strategies, including the use of ERCs, to achieve compliance with the emission reduction targets in Rule 2202. Staff will propose related amendments to Rule 2202 at the earliest feasible date.

Proposal

Notwithstanding any other provisions in the Rule 2202 Implementation Guidelines, staff is proposing that there be a moratorium on the transfer of NO_x ERCs into the Rule 2202 program beginning January 10, 2014 to July 1, 2014.

Staff is proposing that ERCs only for VOC and CO be allowed to be transferred into the Rule 2202 program during the moratorium. Short-term ERCs (i.e., STERCs) will continue to be allowed to be transferred into the Rule 2202 program. The moratorium will allow staff to evaluate the use of long-term emission credit streams in the program and the effect on the New Source Review program. Staff will also evaluate the allowance of NO_x ERCs, which may have a significant impact on the availability for use by stationary sources and the ability to meet energy demand in the South Coast Air Basin, which could adversely affect progress in meeting the region's clean air goals. This proposal will not affect other credit sources (i.e., MSERC, Area Source Credit, etc.) as described in the Rule 2202 Implementation Guidelines.

Summary of Proposal

The proposed moratorium, effective January 10, 2014 to July 1, 2014, will prohibit the transfer of NO_x ERCs into the Rule 2202 program. The program will allow the continued transfer of VOC and CO ERCs.

AQMP and Legal Mandates

The California Health and Safety Code require the SCAQMD to adopt an AQMP to meet state and federal ambient air standards in the Basin. In addition, the California Health and Safety Code requires the SCAQMD adopt rules and regulations that carry out the objectives of the AQMP. This proposal is consistent with the intent and objectives of the AQMP.

Resource Impact

Existing SCAQMD resources will be sufficient to implement the proposed changes to this rule with minimal impact on the budget.