



California Council for Environmental and Economic Balance

100 Spear Street, Suite 805, San Francisco, CA 94105 • (415) 512-7890 • FAX (415) 512-7897

NSR OFFSET CREDIT RECOMMENDATIONS March 3, 2009

I. REVIEW CURRENT POLICIES AND PRACTICES

- a. Allow the calculation of “maximum potential to emit” from new or modified equipment to be based on an accepted enforceable limit that is lower than the manufacturer guarantee.
- b. Allow facility to bubble emission limits and corresponding emission offsets over multiple units.
- c. Request expedited EPA approval of STCs in Rule 1309 (Emission Reduction Credits and Short Term Credits) and Rule 1303 (b)(2)(B) to allow AQMD to issue permits using STCs.
- d. Provide the opportunity for consultation meetings *prior* to submittal of an application to generate ERCs and make the facility’s NSR balance available to the applicant upon request without requiring the facility to submit a public record request.
- e. Provide maximum flexibility allowed under Rule 1302 (l) and Rule 1309 (b) regarding ERC generation timeline (similar to the process outlined in Rule 1303 (b)(2)(B)) for offsets using STC.
- f. Issue policy documents outlining activities that qualify for offset exemptions under Rule 1304 and 1309.1. These documents could be part of a broader document that staff develops to help businesses in seeking ERCs through reductions at their own facilities.
- g. Establish a team of engineers to review ERC applications to ensure consistency in determining the number of ERCs a project can generate.
- h. Issue a policy document clarifying AQMD requirements for interpollutant trades allowed under Rule 1309 (h) including establishing the offset ratio based on pollutant types and geographical location. This document or guidance is one example of the type of issues that could be addressed by the team of engineers discussed above.
- i. Limit use of ERCs and RTCs as mitigation under Hearing Board. Mitigation should be more closely tied to the time of the violation.
- j. Consider allowing facilities the opportunity to lease ERCs for short – term use, such as above.

II. AMEND REGULATION XIII

- a. Review and make changes to the credit generation penalty provisions in Rule 1306 (e) such as NSR balance, community bank, priority reserve, and Rule 1304 exemption.
- b. Amend Rule 1306 (b) to allow the calculation of emission increases to be based on annual emissions rather than monthly.

- c. Add a rule provision to allow for internal netting of credits within a facility. (DELETE)
- d. For a set time, discount newly generated ERCs to BARCT instead of BACT (a so-called "BACT Time Out").
- e. Use the same principle above for ERCs that have been generated in the last two years or so.

III. SEEK FLEXIBILITY IN STATE LAW

- a. Work with all stakeholders to amend the Protect California Air Act 2003 (SB288, H&S Code 42500 - 42507) in 2009 to allow for flexibilities outlined in Section I and II above.
- b. Work with all stakeholders at the local, state, and federal levels to explore offset alternatives.