

Title V - SIP Approved Rules

SIP-Approved Rules That Are Not The Most Current SCAQMD Rules

This information is intended for use by any facility applying for a Title V permit or in possession of a Title V permit that contains references to two different version of the same SCAQMD rule. <http://www.aqmd.gov/titlev/siprules.html>

(Adopted September 10, 1982)(Amended December 3, 1982)(Amended July 12, 1985)
(Amended June 28, 1990)(Amended May 3, 1991)(Amended August 13, 1993)
(Amended December 7, 1995)

RULE 1309. EMISSION REDUCTION CREDITS

This rule addresses the application, eligibility, registration, use, and transfer of Emission Reduction Credits (ERCs). These credits shall be used as offsets for emission increases at new or modified facilities that are subject to Rule 1303(b)(2).

(a) Validation of Existing, Qualifying Net Emission Decreases

(1) Existing NSR Balances

Facilities which according to District records have a net emission decrease since October 8, 1976, shall receive ERCs after the net emission decrease has been discounted by 80 percent and verified by the Executive Officer or designee. Upon validation, an ERC shall be registered in the Register of Titles as a current ERC.

(2) Existing ERCs

Any ERC based on an application which was deemed complete prior to September 28, 1990, resulting from the additional control of air contaminants through process changes or the installation of air pollution control equipment, unless included as an AQMP measure at the time, shall not be discounted. All other ERCs shall be discounted by 80 percent and reissued.

(b) Application for an ERC for a New Emission Reduction

In order to obtain an ERC, an application made in the form and along with supporting data and documents required by the Executive Officer or designee shall be submitted for each existing source that is to be modified or permanently taken out of service. The application shall be submitted no more than 90 days after the emission reduction occurs.

(1) The Executive Officer or designee shall not deem an ERC application complete nor process such application unless and until the ERC applicant

supplies supporting data and documents to the District, including but not limited to:

- (A) the amount and type of emissions;
 - (B) the date on which the emission reduction took place or is planned to take place;
 - (C) the Regulation XIII zone from which the ERC is to originate;
 - (D) the reason for the emission reduction, such as a process change, addition of control equipment, or equipment or facility shutdown; and
 - (E) surrender of applicable District operating permits whenever emission reductions are the result of either equipment or facility shutdown.
- (2) The Executive Officer or designee shall notify the ERC applicant in writing within 30 calendar days of the receipt of the ERC application whether the application contains sufficient information to be deemed complete. Upon receipt of any additional information, a new 30-day period will begin, during which time the Executive Officer or designee shall determine and notify the applicant whether the application is complete. An application which continues to be deemed incomplete 180 days after the date of the first submittal shall be cancelled by the Executive Officer or designee. A determination of incompleteness may be appealed to the District Hearing Board.
- (3) **Preliminary Decision**
No later than 180 days after the application for an ERC is deemed complete, a preliminary written decision shall be given that all, part, or none of the emission reductions can be registered as an ERC.
- (4) **Emission Reduction Eligibility Requirements**
All Emission Reduction Credits shall be calculated pursuant to Rule 1306 and be subject to the approval of the Executive Officer or designee. The Executive Officer or designee shall consider reductions of air contaminants resulting from removal of equipment from service, and the additional control of mobile and stationary sources. The applicant must demonstrate to the Executive Officer or designee that all stationary and mobile source reductions are:
- (A) real;
 - (B) quantifiable;

- (C) permanent;
- (D) federally enforceable, and
- (E) not greater than the equipment would have achieved if operating with current Best Available Control Technology (BACT).

Reductions in emissions due to changes in the hours of operation shall not qualify for an ERC.

The BACT adjustment shall not apply to facilities located in the SEDAB.

(5) Evaluation

In evaluating the applications for ERC submitted pursuant to this regulation, the Executive Officer or designee shall consider emission reductions only if before a complete application is submitted, the same emission reductions from the same equipment type as those proposed by the applicant are not:

- (A) required by a Control Measure in the AQMP which has been assigned a target implementation date; or
- (B) required by a proposed District rule for which the first public workshop to consider such a rule has been conducted. This exclusion shall remain in effect for 12 months from the date of such workshop, or until the Executive Officer or designee determines that the proposed rule is abandoned or the provisions of subparagraph (5)(C) become effective; or
- (C) required by an adopted federal, State, or District rule, regulation, or statute; or
- (D) from a category or class of equipment included in a demonstration program required by a District rule or regulation.

(c) Registration of ERCs

Upon the Executive Officer's or designee's final determination to grant an ERC, the title to the ERC shall be registered in the Register of Title. All information concerning the title, interests, pertinent dates and other matters shall be registered, until the Certificate of Title is canceled or nullified by operation of law.

(d) Use of ERCs

ERCs may be used by the owner to offset emission increases due to new or modified sources of air pollution and to the extent allowed by federal law. An ERC shall qualify as an offset upon surrender of the Certificate to the District. Such ERC shall be used in a manner consistent with the Certificate record and in accordance with all other requirements of this regulation at the time of use, including the applicable offset ratio, determined pursuant to Rule 1303.

(e) **Transfer of ERCs by Registered Owner**

Transfer of the whole or any portion of an interest in a registered ERC is allowed, provided it is in writing, accompanied by the sale price of such ERCs, in dollars per pound, signed by the transferor, and acknowledged in any form authorized by law. Upon filing such instrument with the District, the transfer shall be complete and the title so transferred shall vest in the transferee. A new Certificate, certifying the title to the estate or interest in the ERC, shall be issued and the last previous original Certificate shall be cancelled. Such cancellation shall be recorded in the Register.

(f) **Mobile Source Credit**

Emission Reduction Credits shall be granted for emission reductions from the control of mobile sources pursuant to Regulation XVI rules.

- (1) ERCs may be issued based on emission reductions which comply with all requirements of any Regulation XVI rule.
- (2) **Limitations**
 - (A) The Executive Officer or designee will approve plans for scrapping vehicles pursuant to Rule 1610, for no more than 30,000 vehicles per year.
 - (B) Any permit to construct or operate a new or modified permit unit based upon ERCs obtained through the provisions of a Regulation XVI rule shall expire within the period for which the ERCs are issued, unless further emission offsets equal to or greater than such ERCs are obtained, or the subject permit unit's potential to emit is reduced to the extent that the ERCs granted pursuant to this paragraph would no longer be necessary.

- (C) Pursuant to Rule 504, no variance or series of variances, including emergency granting of a variance, from a permit condition implementing a Regulation XIII offset requirement shall be granted if such permit condition is based upon the use of MSERCs.

(g) **Interpollutant Offsets**

The Executive Officer or designee may approve interpollutant offsets on a case-by-case basis, provided that the trade results in an equivalent or greater offset of the new, modified, or relocated source's nonattainment pollutants; and that the applicant demonstrates, to the satisfaction of the Executive Officer or designee, that the emissions from the new or modified source will not cause or significantly contribute to the violation of an ambient air quality standard as specified in Table A-2.

Interpollutant trades between PM₁₀ and PM₁₀ precursors may be allowed. PM₁₀ emissions shall not be allowed to offset NO_x or ROG emissions in ozone nonattainment areas. All interpollutant trading shall be subject to EPA's review and approval.

(h) **Inter-Basin and Inter-District Offsets**

- (1) Offsets between different stationary sources located in different air control districts shall be allowed so long as the air districts are in the same air basin.
- (2) Offsets between different stationary sources located in different air basins shall be allowed only when:
 - (A) The stationary source to which the emission reductions are credited is located in an upwind district that is classified as being in a worse nonattainment status than the downwind district pursuant to Chapter 10 of the Health and Safety Code commencing with Section 40910; and
 - (B) The stationary source at which there are emission increases to be offset is located in a downwind district that is overwhelmingly impacted by emissions transported from the upwind district, as determined by the state board pursuant to Health and Safety Code Section 39610.

(3) Any offset transaction credited pursuant to paragraphs (h)(1) and (h)(2) above shall be approved by resolution adopted by the Governing Board of the upwind district and the Governing Board of the downwind district. The adopting resolution shall consider the impact of the offset on air quality, public health, and the regional economy.