

PROPOSED AMENDED RULE 2701. SoCAL CLIMATE SOLUTIONS EXCHANGE

(a) Purpose

The purpose of this rule is to establish a voluntary program to encourage, quantify, and certify voluntary, high quality certified greenhouse gas emission reductions in the District.

(b) Applicability

- (1) Projects in the District that follow pre-approved quantification protocols listed in Table 1 of this rule are eligible to generate certified greenhouse gas emission reductions, regardless of whether the project involves equipment or a facility that is required to have a District permit.
- (2) Any person may purchase certified greenhouse gas emission reductions created pursuant to this regulation.
- (3) There are no restrictions from the District regarding use of certified greenhouse gas emission reductions generated pursuant to this rule.

(c) Generation of Certified Greenhouse Gas Emission Reductions

On and after December 5, 2008, any person may elect to voluntarily reduce greenhouse gas emissions and apply for certified greenhouse gas emission reductions if all of the following provisions are met:

- (1) The reductions will follow an approved protocol, as listed in Table 1 of this rule.
- (2) Plan Fees are submitted pursuant to Rule 306 – Plan Fees.
- (3) A Plan is submitted to, and approved by, the Executive Officer prior to generating the certified greenhouse gas emission reductions, that details:
 - (A) the nature of the reductions, including the type of greenhouse gas and amount of reductions projected;
 - (B) the funding amount and source, including the parties providing funding;
 - (C) the specific protocol listed in Table 1 of this rule that will be followed;
 - (D) the location of the project or activity;
 - (E) the date that the reductions are projected to start occurring;
 - (F) the length of time the project or activity is anticipated to continue;
 - (G) the person responsible for the emission reduction project; and

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- (H) the initial owner of the certified greenhouse gas emission reductions once reductions have been verified and certified by the Executive Officer.
 - (4) The person notifies the Executive Officer 30 days prior to commencing the activity that will generate certified greenhouse gas emission reductions.
 - (5) Records required pursuant to the protocol being used, and any other records required by the Executive Officer, shall be maintained for at least five years after the end of the project life, and made available to the Executive Officer on request.
 - (6) If required in the applicable protocol, submit information to quantify reductions for that calendar year within 60 days after the end of each calendar year.
 - (7) All projects shall comply with applicable federal, state, and local regulations.
- (d) Issuance of Certified Greenhouse Gas Emission Reductions
- (1) The Executive Officer will evaluate a complete Plan submitted pursuant to paragraph (c)(3) and approve or deny a Plan within 60 days of its receipt, except when an extension of time has been mutually agreed upon by the applicant and the Executive Officer.
 - (2) Issuance of certified greenhouse gas emission reductions will occur after verification of annual data (if required) by the Executive Officer within 90 days of receipt of complete information received pursuant to paragraph (c)(6), except when an extension of time has been mutually agreed upon by the applicant and the Executive Officer.
 - (3) Certified greenhouse gas emission reductions will be issued in metric tons of CO₂E and will be rounded to the nearest ton.
 - (4) A transfer is only effective upon approval by the Executive Officer.
 - (5) Certified greenhouse gas emission reductions will be issued a unique number for every metric ton of CO₂E for tracking purposes.
 - (6) Certified greenhouse gas emission reductions will be issued to the person funding the project unless that person specifically authorizes issuance to another person.
 - (7) Co-benefits of other pollutants that are also reduced as a result of the greenhouse gas emission reduction project will not be eligible to generate emission reduction credits for those pollutants unless specifically authorized by the applicable approved greenhouse gas protocol.

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- (8) If public funding is involved in all, or a portion of a project, certified greenhouse gas emission reductions will be issued as authorized by the agency providing funding.
- (e) **Use of Certified Greenhouse Gas Emission Reductions**
Certified greenhouse gas emission reduction uses may include, but are not limited to, CEQA or other mitigation, retirement for the benefit of the environment or to reduce or eliminate a carbon footprint by an individual, household, facility, corporation, community, city, or other group, or any other use authorized by a local, state, federal or international program.
- (f) **Registration of Certified Greenhouse Gas Emission Reductions**
- (1) Once certified greenhouse gas emission reductions are issued, they will be listed on the District web site.
 - (2) A person may list the certified greenhouse gas emission reductions on sites other than, or in addition to, the District web site to the extent authorized by legislation, rules, or regulations pertaining to those programs and their exchanges.
 - (3) Certified greenhouse gas emission reductions may be transferred or sold to another person, or used or retired, only if the owner of the reductions notifies the Executive Officer within 5 days, and pays a transaction fee of \$134.10.
 - (4) The Executive Officer will reissue certificates to reflect the change of ownership.
- (g) **Public Information and Program Annual Report**
- (1) The District will maintain a web site to list certified greenhouse gas emission reductions issued and available for sale, holder information, and information about the type of project, location, emission reductions, and other pertinent information.
 - (2) Each year, beginning May 2009, an Annual Report will be submitted to the Governing Board. The report will include:
 - (A) what protocols have been approved by the Governing Board; and
 - (B) generation and use of certified greenhouse gas emission reductions, including the type and location of reductions and use, to the extent feasible, and any toxic and criteria pollutant reductions realized.
- (h) **Implementation Guidelines**

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- (1) The District will develop Implementation Guidelines regarding the procedures to be followed to administer this rule.
 - (2) The Implementation Guidelines will be subject to Governing Board approval initially and for any future substantive revisions.
- (i) Appeals
- A person has the right to appeal the denial or amount of certified greenhouse emission reductions to the Hearing Board in the same manner as a permit denial as specified in Health and Safety Code Section 42302.

Table 1
Approved Protocols

Forest Sector Project Protocol (October 2007 9)*
Urban Forestry Project Protocol (September 2008 March 2010)
Manure Management Project Protocol (September 2008)* (November 2009)**
<u>Boiler and Process Heater Efficiency Project Protocol (June 2010)</u>

* Projects involving harvesting will not be allowed.

** For this protocol, any project located in an environmental justice area, as defined in the District's Carl Moyer Program, must have any stationary source equipment emitting any air contaminant located greater than a quarter mile (1,320 ft, 400m) from a sensitive receptor. A sensitive receptor means any residence including private homes, condominiums, apartments, and living quarters; education resources such as preschools and kindergarten through grade twelve (k-12) schools; daycare centers; and health care facilities such as hospitals or retirement and nursing homes. A sensitive receptor also includes long term care hospitals, hospices, prisons, and dormitories or similar live-in housing.