

BOARD MEETING DATE: June 6, 2014

AGENDA NO. 30

PROPOSAL: Amend Rule 2202 - On-Road Motor Vehicle Mitigation Options, Rule 2202 Implementation Guidelines, Rule 301 Permitting and Associated Fees, and Rule 311 Air Quality Investment Program Fees

SYNOPSIS: The proposal is to amend Rule 2202 - On-Road Motor Vehicle Mitigation Options, the accompanying rule Implementation Guidelines, Rule 301 Permitting and Associated Fees, and Rule 311 - Air Quality Investment Program (AQIP) Fees. Sections of Rule 2202 and the Implementation Guidelines will be amended to address the use of Emission Reduction Credits and clarify the use of other existing emission credits. The proposed amendment for Rule 301 is to add a transfer fee for the administration and tracking of Short Term Emission Reduction Credits. AQIP is a program option for applicable worksites within Rule 2202. The proposed Rule 311 amendment is to reduce the AQIP per employee fee, to more accurately reflect the costs to obtain the required emission reductions.

COMMITTEE: Mobile Source, April 18, 2014, Reviewed

RECOMMENDED ACTIONS:

Adopt the attached resolution:

1. Certifying the CEQA Notice of Exemption for Proposed Amended Rule 2202 – On-Road Motor Vehicle Mitigation Options, Proposed Amended Rule 2202 Implementation Guidelines, Proposed Amended Rule 301 – Permitting and Associated Fees, and, Proposed Amended Rule 311 – Air Quality Investment Program (AQIP) Fees; and
2. Amending Rule 2202 – On-Road Motor Vehicle Mitigation Options; and

3. Amending Rule 2202 Implementation Guidelines; and
4. Amending Rule 301 – Permitting and Associated Fees; and
5. Amending Rule 311 – Air Quality Investment Program (AQIP) Fees

Barry R. Wallerstein,
D.Env. Executive Officer

EC:CG:EL

Background

Rule 2202 has been amended several times and replaced Rules 1501 - Work Trip Reduction Plans and 1501.1 - Alternatives to Work Trip Reduction Plans. In 1987, Regulation XV was adopted which required trip reduction plans for employers with 100 or more employees. Rule 1501 was amended in 1993 and Rule 1501.1 was adopted in 1995 to comply with federal and state requirements for extreme non-attainment areas. In 1995, Rule 2202 was adopted to respond to state legislation prohibiting mandatory trip reduction plans. Subsequently, Rule 2202 provided worksites of 100 or more employees a menu of emission reduction options to meet an emission reduction target for their worksite. The passage of SB 836 in 1996 directed SCAQMD to raise the employee threshold level from 100 to 250 employees, while SB 432 permanently exempted worksites with fewer than 250 employees from complying with the rule. Rule 2202 continues to allow affected employers the option of implementing a traditional trip reduction program as a means to comply with the rule.

The rule also provides members of the regulated community with a menu of flexible and cost effective emission reduction options from which they can choose to implement and meet the emission reduction targets for their sites. One of those options includes the use of emission reduction credits (ERCs). At the end of 2013, approximately 200 lbs/day of NOx ERCs were transferred into Rule 2202. The rate of transfer caused a concern regarding future stationary source credit availability. Therefore, at its January 10, 2014 meeting, the Governing Board approved a temporary moratorium, from January 10, 2014 to July 1, 2014, on the transfer of NOx ERCs into Rule 2202 and directed staff to review the status of the stationary source emission banks and potential impacts of additional transfers into the Rule 2202 program. During the NOx moratorium, VOC and CO ERCs were allowed to be transferred into the Rule 2202 program. Staff is proposing amendments to Rule 2202 and the rule Implementation Guidelines to address the uses of ERCs already in the Rule 2202 program, and to prohibit the further transfer of ERCs into the Rule 2202 program after the date the amendments are adopted..

Proposal

The proposal is to amend Rule 2202 - On-Road Motor Vehicle Mitigation Options, Rule 2202 Implementation Guidelines, Rule 301 - Permitting and Associated Fees, and Rule 311 – Air Quality Investment Program (AQIP) Fees. The proposed amendments specifically address the use of ERCs and the AQIP compliance option. Staff reviewed the historical use of ERCs for stationary sources, as well as the availability of credits and other emission programs within Rule 2202 to determine the ability to meet future compliance targets. Staff concluded that while ERCs represent only a small fraction of overall compliance options, there continues to be a concern regarding the future availability of ERCs for use by stationary sources. To address this concern, staff is proposing that ERCs no longer be allowed to be transferred into the Rule 2202 program. ERCs that currently reside within the Rule 2202 program would be allowed to remain, however these ERCs will be subject to an annual discount. Staff is proposing that ERCs remaining in the Rule 2202 program be discounted annually to establish a more level playing field for the various compliance options. This would keep other options more equitable since the ability to generate surplus reductions is declining as vehicle engines are getting cleaner each year. The annual discounting is to begin in the eighth year after the ERC was initially transferred into the rule program beginning January 1, 2015. The discounting in the eighth year will establish parity between ERCs and Short Term Emission Reduction Credits (STERCs). STERCs are issued as seven, one year allocations, and are then issued in their eighth year as a permanent ERC credit. This also allows credit vendors to recoup their prior investments.

Rule 301 is proposed to be amended to include a new application fee for the transfer of STERCs into Rule 2202. The proposed fee is to address the requirement for STERCs to be permanently retired and removed from the New Source Review (NSR) program. Additionally the proposed fee will include the processing of STERCs into the Rule 2202 database and the transfer of ERCs out of the program. This new fee is less than the current transfer fees listed in Rule 301, and more closely reflects cost recovery for a transaction of this nature.

Staff has evaluated the AQIP fees, as set forth in Rule 311, which has remained at its current fee of \$60 per peak window employee since Rule 2202 was adopted in 1995. In evaluating the cost effectiveness of the most recent AQIP funded projects, staff found that the AQIP program emission reduction targets could still be achieved with a reduced fee of \$45 per employee. The reduced AQIP fee will afford employers a more viable compliance option.

Rule 2202 and its accompanying Implementation Guidelines have not been amended since 2004. Staff is proposing a number of administrative updates and clarifications, as well as the inclusion of language to better codify current policies and practices.

Key Outstanding Issues

Staff proposed that ERCs that have been transferred into Rule 2202 be permanently retired if the rule is rescinded. The issue raised is that ERCs should be restored to the NSR program if the rule is rescinded or at any time if the ERCs have not been used. U.S. EPA approval is needed if the ERCs are to reenter the NSR program and potentially used by a permitted source. Based on staff's subsequent discussions with the U.S. EPA, if any portion of the ERC certificate has been used in any discrete year to comply with any Rule 2202 requirements then none of the original ERC certificate may be transferred out of the program. However, if no portion of the original ERC certificate has been used, then the ERC certificate may be transferred out. If this option is elected by the credit owner and these conditions are met, the amount of ERCs in pounds per day in the original certificate less the 10% discount will be reissued.

This condition will provide additional program flexibility. Also, to accommodate this change, the Rule 301 fee will also apply to transfers of ERCs out of the Rule 2202 program, since the staff will need to convert the ERC back into pounds per day format.

During the public meeting a comment was made that worksites exceeding their worksite average vehicle ridership (AVR) should be able to bank and trade the excess AVR to other parties. AVR is calculated based on a one week survey of the worksite. Therefore, the use of excess AVR may not meet the emission credit certification requirements: real, surplus, quantifiable, and enforceable emission reduction credits. However, staff will explore additional incentives that could be used for those worksites exceeding an AVR target as part of the Employee Commute Reduction Program (ECRP) Guidelines review later this year. Staff will also initiate discussions later this year to consider potential program streamlining of the ECRP.

Public Process

Staff has worked with Rule 2202 stakeholders and other interested parties. Stakeholder working group meetings were held on April 3, 2014 and April 16, 2014; and a Public Consultation Meeting was held on April 24, 2014.

California Environmental Quality Act (CEQA)

Pursuant to CEQA, the SCAQMD is the Lead Agency and has reviewed the proposed project mentioned above pursuant to CEQA Guidelines §§15002 (k)(1) and 15061. The proposed amendments do not have the potential to significantly affect air quality or any other environmental categories because they are administrative in nature in that they more specifically implement current provisions of Rule 2202. Employers will continue to meet their emission reduction obligations either through an employee commute reduction option or through other rule options. As a result, no new adverse impacts on the environment are expected from the proposed project. Since it can be seen with certainty that the proposed project has no potential to adversely impact air quality or any other environmental area, it is exempt from CEQA pursuant to state CEQA Guidelines

§15061(b)(3) – Review for Exemption. A Notice of Exemption has been prepared pursuant to CEQA Guidelines §15062 - Notice of Exemption.

Socioeconomic Analysis

Proposed amendments to Rules 2202, 301, 311 and the Rule 2202 Implementation Guidelines will affect 1,336 worksites within the SCAQMD jurisdiction. These worksites belong to most major sectors in the local economy. The proposed amendments will result in a reduction of filing fees associated with one of the rule compliance options. Employers will continue to be able to choose from different compliance options; as such, there will be no additional costs or other socioeconomic impacts anticipated.

AQMP and Legal Matters

The California Health and Safety Code requires that the SCAQMD adopt an AQMP to meet state and federal ambient air standards in the Basin. In addition, the California Health and Safety Code requires that the SCAQMD adopt rule and regulations that carry out the objective of the AQMP. The proposed rule and guideline amendments are consistent with the intent and objectives of the AQMP.

Implementation and Resource Impact

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

Attachments

- A. Summary of Proposal
- B. Summary of Key Issues
- C. Rule Development Process
- D. Key Contacts List
- E. Resolution
- F. Proposed Amended Rule 2202 Language
- G. Proposed Amended Rule 2202 Implementation Guidelines Language
- H. Proposed Amended Rule 301 Language
- I. Proposed Amended Rule 311 Language
- J. Staff Report
- K. Socioeconomic Assessment
- L. CEQA Notice of Exemption

ATTACHMENT A SUMMARY OF PROPOSALS

Proposed Amended Rule 2202 – On-Road Motor Vehicle Mitigation Options
<ul style="list-style-type: none"> • Prohibit transfers of Emission Reduction Credits (ERCs) into the Rule 2202 program • Continue to allow transfer of Short Term Emission Reduction Credits (STERCs) • ERCs held in the program will be subject to annual discounting • ERC certificates that have not been used, can be transferred out of the program at any time, minus the original 10% discount • ERCs will be retired if the rule is rescinded • Remove outdated rule language related to pilot generation programs that have sunset
Amend Rule 2202 Implementation Guidelines
<ul style="list-style-type: none"> • Require an application and applicable fee for the transfer of each STERC into the Rule 2202 program • ERCs that have been transferred into Rule 2202 shall permanently remain in the program unless unused • ERCs held in the program will be subject to annual discounting based on the annual change in the lb/year/daily commute vehicle as determined by the most recent EMFAC version • Include language to define how STERCs and ERCs can be allocated for use • Include language to define how STERCs and ERCs are converted from lbs/day to lbs/year • Allow emission credits from other reduction strategies to be potentially valid for more than two years upon approval of appropriate quantification protocols • Remove outdated rule language related to pilot generation programs that have sunset • Allow employers who, after receipt of a provisional approval letter, become exempt during a compliance year from the rule requirement may have their worksite emission reduction target (ERT) prorated • Provide for the emission factor tables to be published separately from the rule guidelines
Amend Rule 301 – Permitting and Associated Fees
<ul style="list-style-type: none"> • Add fee for the transfer of STERCs into the Rule 2202 program • Add fee for the transfer of ERCs out of the Rule 2202 program • Transfer fee cost will be for each individual STERC certificate transferred into Rule 2202 and for each individual ERC certificate transferred out of Rule 2202
Amend Rule 311 – Air Quality Investment Program (AQIP) Fees
<ul style="list-style-type: none"> • Reduce annual AQIP fee from \$60 per window employee to \$45 per window employee • Retain the triennial compliance option fee of \$125 per window employee

ATTACHMENT B

SUMMARY OF KEY ISSUES

Proposed Amended Rule 2202 – On-Road Motor Vehicle Mitigation Options **Proposed Amended Rule 2202 Implementation Guidelines**

- ERCs should be restored to NSR banks if the rule is rescinded or at any time if the ERCs have not been used.

The request to reissue ERCs after being used in the Rule 2202 program is not currently authorized by the rule. U.S. EPA approval is needed if the ERCs are to reenter the NSR program and potentially used by a permitted source. Based on staff's subsequent discussions with the U.S. EPA, if none of the original ERC certificate has not been used in any discrete year to comply with any rule requirements since its initial transfer, the ERC may be transferred out of the program at any time. The ERC certificate will be reissued based on the amount that was transferred into Rule 2202 minus the 10% originally discounted when it was initially transferred.

- Continue to allow the transfer of ERCs into the Rule 2202 program.

Staff did consider alternatives such as limited ERC transfers, as discussed in the staff report. However, analysis resulted in the minimum threshold needed to be set at a level that it was unlikely that ERCs would be available for use in Rule 2202. Therefore, staff is proposing that the transfer of ERCs be prohibited.

- The ERCs currently in the Rule 2202 program should not be discounted.

The continued use of undiscounted ERCs has the potential to reduce the viability of other emission credits sources such as those from mobile source projects. ERCs are primarily intended for use by stationary sources. However, the annual discounting is proposed to begin in the eighth year to address investments made in the ERCs and the rate of discount is the same as the reduction in vehicle fleet average emissions.

- Request additional MSERC protocols for private parties use to create tradable credits for use within the Rule 2202 program.

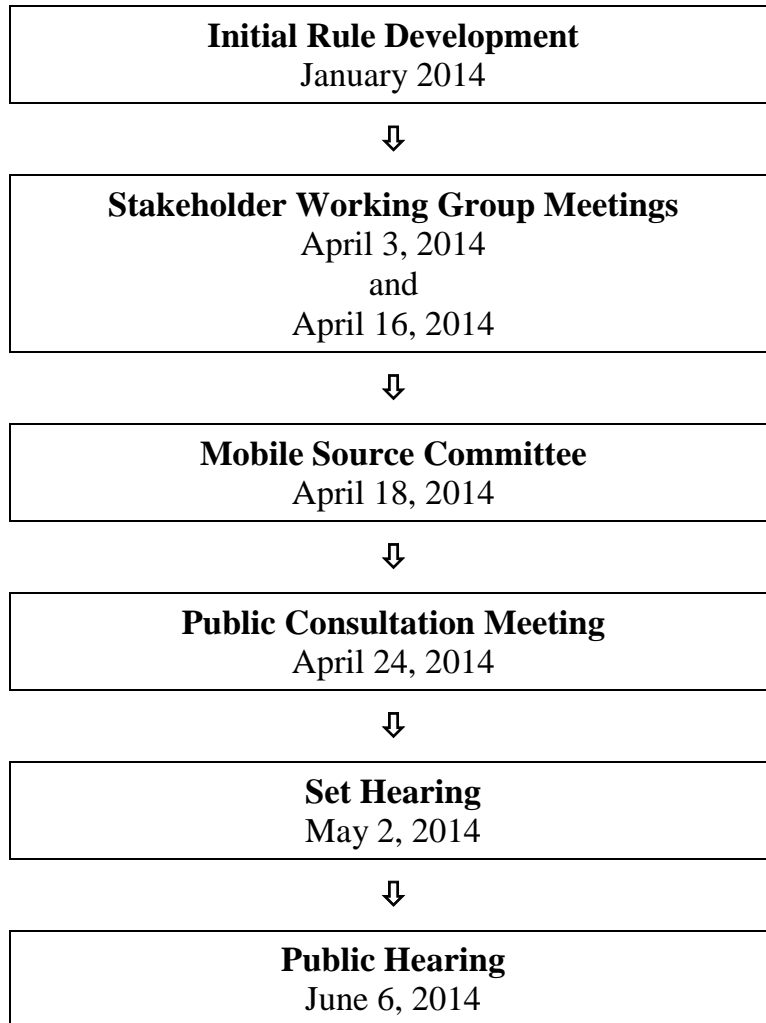
Staff is in the process of evaluating additional protocols and plans to submit them to the Mobile Source Committee in the next couple of months.

- Worksites exceeding their worksite Average Vehicle Ridership (AVR) should be able to bank and trade the excess AVR to other parties.

AVR is calculated based on a one week survey of the worksite. Therefore, the use of excess AVR may not meet emission credit certification requirements: real, surplus, quantifiable, and enforceable emission reduction credits. However, staff will explore additional incentives that could be used for those worksites exceeding an AVR target as part of the ECRP Guidelines review later this year.

ATTACHMENT C
RULE DEVELOPMENT PROCESS

Proposed Amended Rule 2202 – On-Road Motor Vehicle Mitigation Options
Proposed Amended Rule 2202 Implementation Guidelines
Proposed Amended Rule 301 – Permitting and Associated Fees
Proposed Amended Rule 311 – Air Quality Investment Program (AQIP) Fees



Four (4) months spent in rule development.

ATTACHMENT D
KEY CONTACTS LIST

Proposed Amended Rule 2202 – On-Road Motor Vehicle Mitigation Options
Proposed Amended Rule 2202 Implementation Guidelines
Proposed Amended Rule 301 – Permitting and Associated Fees
Proposed Amended Rule 311 – Air Quality Investment Program (AQIP) Fees

- Transportation Management Associations or Organizations (TMAs/TMOs)
- Rule 2202 program consultants
- Emission credit brokers
- Employee Transportation Coordinators (ETCs)
- Rule 2202 Regulated Employers
- Other Interested Parties

ATTACHEMENT E

RESOLUTION NO. 14-

A Resolution of the South Coast Air Quality Management District (SCAQMD) Governing Board adopting Proposed Amended Rule 2202 – On-Road Motor Vehicle Mitigation Options; Proposed Amended Rule 2202 Implementation Guidelines; Proposed Amended Rule 301 – Permitting and Associated Fees; and, Proposed Amended Rule 311 – Air Quality Investment Program (AQIP) Fees.

A Resolution of the SCAQMD Governing Board determining that the proposed amendments for Proposed Amended Rule 2202 – On-Road Motor Vehicle Mitigation Options; Proposed Amended Rule 2202 Implementation Guidelines; Proposed Amended Rule 301 – Permitting and Associated Fees; and, Proposed Amended Rule 311 – Air Quality Investment Program (AQIP) Fees are exempt from the requirements of the California Environmental Quality Act (CEQA).

WHEREAS, that the SCAQMD Governing Board has determined with certainty that Proposed Amended Rule 2202 – On-Road Motor Vehicle Mitigation Options; Proposed Amended Rule 2202 Implementation Guidelines; Proposed Amended Rule 301 – Permitting and Associated Fees; and, Proposed Amended Rule 311 – Air Quality Investment Program (AQIP) Fees (collectively, “Proposed Amended Rules”), is a “project” pursuant to the terms of the California Environmental Quality Act (CEQA); however, SCAQMD staff reviewed the proposed project and because it can be seen with certainty that there is no possibility that the proposed project in question has the potential to have a significant adverse effect on the environment, it was determined that the proposed project is exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3) – Review for Exemption; and

WHEREAS, that the SCAQMD has had its regulatory program certified pursuant to Public Resources Code Section 21080.5 and has conducted CEQA review and analysis pursuant to such program (Rule 110); and

WHEREAS, SCAQMD staff has prepared a Notice of Exemption that is completed in compliance with CEQA Guidelines §15002(k)(1) – Three Step Process, and §15061 – Notice of Exemption; and

WHEREAS, that the SCAQMD Governing Board has determined that the Proposed Amended Rules do not significantly affect air quality or emission limitations and as such, no socioeconomic analysis is required under Health and Safety Code Section 40728.5; and

WHEREAS, that the SCAQMD Governing Board has determined that Proposed Amended Rules will not result in increased costs to industry as described in the Socioeconomic Impact Assessment; and

WHEREAS, that the SCAQMD Governing Board has determined that the Proposed Amended Rules, do not impose a new emission limit or standard more stringent, or impose new or more stringent monitoring, reporting, or recordkeeping requirements and therefore a comparative analysis pursuant to Health and Safety Code Section 40727.2 is not required; and

WHEREAS, that the SCAQMD Governing Board obtains its authority to adopt this Proposed Amended Rule pursuant to sections 40000, 40001 and 40440, of the California Health and Safety Code; and

WHEREAS, that the SCAQMD Governing Board has determined that a need exists to amend Rule 2202 – On-Road Motor Vehicle Mitigation Options in order to be consistent with current State and SCAQMD emission reductions estimates and to increase the effectiveness of the program; and

WHEREAS, that the SCAQMD Governing Board has determined that the Proposed Amended Rules, as proposed to be adopted, is written or displayed so that its meaning can be easily understood by the persons directly affected by it; and

WHEREAS, that the SCAQMD Governing Board has determined that the Proposed Amended Rules, as proposed to be adopted, is in harmony with, and not in conflict with or contradictory to, existing federal and state statutes, court decisions, or regulations; and

WHEREAS, that the SCAQMD Governing Board has determined that the Proposed Amended Rules, as proposed to be adopted, does not impose the same requirements as any existing state or federal regulation and the proposed amended rules are necessary and proper to execute the powers and duties granted to, and imposed upon, the SCAQMD; and

WHEREAS, that the SCAQMD Governing Board has determined that Proposed Amended Rule 2202 – On-Road Motor Vehicle Mitigation Options; Proposed Amended Rule 2202 Implementation Guidelines, as proposed to be adopted, references the following statutes which the SCAQMD hereby implements, interprets or makes specific: Health and Safety Code Section 40001 40716, 40717 and Federal Clean Air Act Section 182(d)(1)(B); and

WHEREAS, a public hearing has been properly noticed in accordance with the provisions of Health and Safety Code Section 40725; and

WHEREAS, that the SCAQMD Governing Board has held a public hearing in accordance with all provisions of law; and

WHEREAS, that the SCAQMD Governing Board specifies the manager of Proposed Amended Rule 2202 – On-Road Motor Vehicle Mitigation Options and Proposed Amended Rule 2202 Implementation Guidelines, as the custodian of the documents or other materials which constitute the record of proceedings upon which the adoption of the Proposed Amended Rules is based, which are located at the South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, California 91765; and

WHEREAS, that the SCAQMD Governing Board has determined that the Proposed Amended Rules, should be adopted for the reasons contained in the Staff Report, and

NOW, THEREFORE, BE IT RESOLVED that the SCAQMD Governing Board does hereby determine, pursuant to the authority granted by law, that the amendments contained in the Proposed Amended Rules, are exempt from CEQA requirements pursuant to CEQA Guidelines §15002 (k)(1) – Three Step Process and §15061 (b)(3) – Review for Exemption (General Rule Exemption); and

BE IT FURTHER RESOLVED, that the SCAQMD Governing Board directs staff to propose to the Mobile Source Committee additional emission reduction protocols and opportunities that will result in usable emission credits for use in the Rule 2202 program; and

BE IT FURTHER RESOLVED, that the SCAQMD Governing Board directs staff to meet with stakeholders to discuss potential streamlining of the Rule 2202 Employee Commute Reduction Program that will continue to offer a menu of flexible compliance options; and

BE IT FURTHER RESOLVED, that the South Coast Air Quality Management District Board requests that Proposed Amended Rule 2202 – On-Road Motor Vehicle Mitigation Options be submitted into the State Implementation Plan; and

BE IT FURTHER RESOLVED, that the Executive Officer is hereby directed to forward a copy of this Resolution and Proposed Amended Rule 2202 – On-Road Motor Vehicle Mitigation Options to the California Air Resources Board for approval and subsequent submittal to the U.S. Environmental Protection Agency for inclusion into the State Implementation Plan; and

BE IT FURTHER RESOLVED, that the SCAQMD Governing Board does hereby adopt, pursuant to the authority granted by law, Proposed Amended Rule 2202 – On-Road Motor Vehicle Mitigation Options; Proposed Amended Rule 2202 Implementation Guidelines; Proposed Amended Rule 301 – Permitting and Associated Fees; and, Proposed Amended Rule 311 – Air Quality Investment Program (AQIP) Fees as set forth in the attached and incorporated herein by reference.

DATE: _____

CLERK OF THE BOARDS

ATTACHMENT F

(Adopted December 8, 1995)(Amended March 8, 1996)
(Amended November 8, 1996)(Amended October 9, 1998)
(Amended January 11, 2002)(Amended February 6, 2004)
(PAR June 6, 2014)

PROPOSED AMENDED RULE 2202 - ON-ROAD MOTOR VEHICLE MITIGATION OPTIONS

(a) Purpose

The purpose of this Rule is to provide employers with a menu of options to reduce mobile source emissions generated from employee commutes, to comply with federal and state Clean Air Act requirements, Health & Safety Code Section 40458, and Section 182(d)(1)(B) of the federal Clean Air Act.

(b) Applicability

Effective June 19, 1998, this Rule applies to any employer who employs 250 or more employees on a full or part-time basis at a worksite for a consecutive six-month period calculated as a monthly average, except as provided in subdivision ~~(m)~~(l) of this Rule. Effective February 6, 2004, employers shall notify the District within 30 days when they become subject to Rule 2202 or no longer qualify for the employee threshold exemption pursuant to paragraph ~~(m)~~(l)(1). Employers shall have 90 days from the date of notifying the District to comply with provisions of this Rule.

(c) Sunset Provision

This Rule shall be rescinded, at such time that a replacement measure is implemented which produces an equivalent level of emission reductions and such emission reductions are real, quantifiable, enforceable, and surplus relative to the most recently adopted state implementation plan.

(d) Definitions

For the purpose of this Rule, the following definitions shall apply:

- (1) AIR QUALITY INVESTMENT PROGRAM (AQIP) is an emission reduction option, in which monies collected by the District from employers are used to fund programs or purchase emission reductions that have been approved by the District's Governing Board.
- (2) AREA SOURCE CREDITS (ASCs) are emission~~-reduction~~ credits, issued pursuant to Regulation XXV - Intercredit Trading.

- (3) AVERAGE VEHICLE RIDERSHIP (AVR) is the current number of employees scheduled to report to work during the window for calculating AVR divided by the number of vehicles arriving at the worksite during the same window.
- (4) DISABLED EMPLOYEE means an individual with a physical impairment that prevents the employee from traveling to the worksite by means other than a single-occupant vehicle.
- ~~(4)~~(5) EMISSION REDUCTION CREDITS (ERCs) are as defined in subdivision (l) of Rule 1302 – Definitions and also includes the permanent credit issued under Rule 1309(f)(1).
- ~~(5)~~(6) EMISSION REDUCTION TARGET (ERT) is the annual VOC, NO_x, and CO emissions required to be reduced based on the number of employees per worksite and the employee emission reduction factor, determined in accordance with the provisions of subdivision (e) of this Rule.
- ~~(6)~~(7) EMPLOYEE is any person employed by a person(s), firm, business, educational institution, non-profit agency or corporation, government or other entity. The term exempts the following in accordance with the Rule 2202 - Definitions: seasonal employees; temporary employees; volunteers; field personnel; field construction workers; and independent contractors.
- ~~(7)~~(8) EMPLOYER is any person(s), firm, business, educational institution, non-profit agency or corporation, government agency, or other entity that employs 250 or more employees. Several subsidiaries or units that occupy the same work site and report to one common governing board or governing entity or that function as one corporate unit are considered to be one employer.
- ~~(8)~~(9) FEDERAL FIELD AGENT means any employee who is employed by any federal entity whose main responsibility is National Security and performs field enforcement and/or investigative functions. This does not include employees in non-field or non-investigative functions.
- ~~(9)~~(10) FIELD CONSTRUCTION WORKER means an employee who reports directly to work at a construction site.
- ~~(10)~~(11) FIELD PERSONNEL means employees who spend 20% or less of their work time, per week, at the worksite and who do not report to the

worksite during the peak period for pick-up and dispatch of an employer-provided vehicle.

~~(11)~~(12) INDEPENDENT CONTRACTOR means an individual who enters into a direct written contract or agreement with an employer to perform certain services and is not on the employer's payroll.

~~(12)~~(13) INTER-POLLUTANT CREDITING means the use of emission ~~reduction~~ credits of one type of pollutant that may be used in lieu of another type of pollutant.

~~(13)~~(14) LOW-INCOME EMPLOYEE means an individual whose salary is equal to or less than the current individual income level set in the California Code of Regulations, Title 25, Section 6932, as lower income for the county in which the employer is based. Higher income employees may be considered to be "low-income" if the employees demonstrate that the program strategy would create a substantial economic burden.

~~(14)~~(15) MOBILE SOURCE EMISSION REDUCTION CREDITS (MSERCs) are emission~~—reduction~~ credits issued pursuant to Regulation XVI - Mobile Source Offset Programs.

~~(15)~~(16) NITROGEN OXIDES (NO_x) are nitric oxides and nitrogen dioxides, collectively expressed as nitrogen dioxide.

~~(16)~~(17) PART-TIME EMPLOYEE means any employee who reports to a worksite on a part-time basis fewer than 32 hours per week, but more than four hours per week. These employees shall be included in the employee count for purposes of Rule applicability; and for Average Vehicle Ridership (AVR) calculations of the employer provided the employees report to the worksite during the window for calculating AVR.

~~(17)~~(18) PEAK COMMUTE TRIP is any employee trip from home to work occurring for the purpose of reporting to work during the peak window.

~~(18)~~(19) PEAK WINDOW is the period of time, Monday through Friday between the hours of 6:00 AM and 10:00 AM, and used in calculating the vehicle trip emission credit.

~~(19)~~(20) PERFORMANCE ZONE is a geographic area that determines the employee emission reduction factor for a particular worksite pursuant to the map in Attachment I of this Rule.

~~(20)~~(21) POLICE/SHERIFF means any employee who is certified as a law enforcement officer and is employed by any state, county or city entity. Such employees are only police officers and sheriffs, who perform field enforcement and/or investigative functions. This would not include employees in non-field or non-investigative functions.

~~(21)~~(22) RECLAIM TRADING CREDIT (RTC) ~~means, for the purposes of this rule, emission reduction credits generated pursuant to Regulation XVI and XXV that are issued as RTCs; it does not include RTCs issued as allocations to RECLAIM facilities~~ is as defined in paragraph (c)(63) of Rule 2000 - General.

~~(22)~~(23) SCHOOL DISTRICT means a public agency of the state that is a school district of every kind or class except a community college district, and shall include a County Office of Education.

~~(23)~~(24) SEASONAL EMPLOYEE means a person who is employed for less than a continuous 90-day period or an agricultural employee who is employed for up to a continuous 16-week period.

~~(24)~~(25) SHORT TERM EMISSION REDUCTION CREDITS (STERCs) ~~are short term emission reduction credits, issued pursuant to Regulation XIII New Source Review,~~ as defined in subdivision (am) of Rule 1302 – Definitions.

~~(25)~~(26) STUDENT WORKER means a student who is enrolled and gainfully employed (on the payroll) by an institution. Student workers who work more than four (4) hours per week are counted for Rule applicability and if they report during the 6:00 AM - 10:00 AM window are counted for AVR calculation.

~~(26)~~(27) TEMPORARY EMPLOYEE means any person employed by an employment service or agency that reports to a worksite other than the employment agency's worksite, under a contractual arrangement with a temporary employer. Temporary employees are only counted as employees of the temporary agency for purposes of Rule applicability and calculating AVR.

~~(27)~~(28) VEHICLE TRIP EMISSION CREDITS (VTEC) are the emission reductions that result from the reduction of peak commute trips; other work related trips; or other District approved method; expressed in pounds per year per pollutant, and determined according to the provisions of subdivision (g) of this Rule.

~~(28)~~(29) VOLATILE ORGANIC COMPOUND (VOC) is any volatile compound of carbon, excluding: methane, carbon monoxide, carbon dioxide, carbonic acid, metallic carbides or carbonates, ammonium carbonate, and exempt compounds as defined in ~~District~~ Rule 102 – Definition of Terms.

~~(29)~~(30) VOLUNTEER means any person(s) at a worksite who, of their own free will, provides goods or services, without any financial gain.

~~(30)~~(31) WORKSITE means a structure, building, portion of a building, or grouping of buildings that are in actual physical contact or are separated solely by a private or public roadway or other private or public right-of-way, and that are occupied by the same employer. Employers may opt to treat more than one structure, building or grouping of buildings as a single worksite, even if they do not have the above characteristics, if they are located within a 2 mile radius and are in the same Performance Zone.

(e) Requirements

An employer subject to this Rule shall annually register with the District to implement an emission reduction program, in accordance with subdivisions (f) and (g), that will obtain emission reductions equivalent to a worksite specific emission reduction target (ERT) specified for the compliance year. The annual ERT shall be determined according to the following equation, for VOC, NO_x, and CO, based on employee emission reduction factors specified in paragraph ~~(n)~~(m)(1) of this Rule.

$$\left[\begin{array}{c} \text{Emission} \\ \text{Reduction Target} \\ \text{(lbs/year)} \end{array} \right] = \left[[\text{Employees}] \times \left[\begin{array}{c} \text{Employee Emission} \\ \text{Reduction Factor} \end{array} \right] \right] - \left[\begin{array}{c} \text{Vehicle Trip} \\ \text{Emission Credit} \end{array} \right]$$

Where:

Employees = Average daily number of employees reporting to work in the Peak Window for a typical Monday through Friday period excluding those weeks which include a national holiday.

Employee Emission = Determined by year of the registration submittal and
Reduction Factor the worksite Performance Zone in paragraph ~~(n)~~(m)(1)
of this Rule.

Vehicle Trip = Determined according to subdivision (g) of this Rule.
Emission Credits

(f) On-Road Vehicle Mitigation Options

To comply with subdivision (e), employers may elect to use credits ~~generated~~
issued pursuant to one or more of the following emission reduction options to
meet their Emission Reduction Target (ERT):

(1) Mobile Source Emission Reduction Credits (MSERCs)

Any person may ~~use mobile source emission reduction credits~~ elect to use
Mobile Source Emission Reduction Credits that were issued in accordance
with the provisions of Regulation XVI.

(2) Emission Reduction Credits (ERCs)

Any person may elect to use Emission Reduction Credits (ERCs) issued in
accordance with the provisions of Regulation XIII New Source Review,
provided that such credits were approved for transfer into the Rule 2202
program prior to [date of adoption]. ERCs transferred into the Rule 2202
program shall be subject to annual discounting in accordance with the
Rule 2202 - On-Road Motor Vehicle Mitigation Options Implementation
Guidelines.

~~(2)~~(3) Short Term Emission Reduction Credits (STERCs) from Stationary
Sources

Any person may elect to use Short Term Emission Reduction Credits
(STERCs) in accordance with the provisions of Regulation XIII, provided
such credits were generated from sources after January 1, 1996.

~~(3)~~(4) Area Source Credits (ASCs)

Any person may elect to use Area Source Credits that were ~~generated~~
issued in accordance with the provisions of Regulation XXV.

~~(4)~~(5) Air Quality Investment Program (AQIP)

Employers may participate in the AQIP by submitting an air quality
investment, to be placed in a restricted fund, in accordance with Rule 311
– Air Quality Investment Program (AQIP) Fees.

The District shall use these funds to obtain an emission reduction or air quality benefit that is equivalent to the sum of the ERTs for all participating employers in the AQIP.

~~(5)~~(6) Other Emission Reduction Strategies

Notwithstanding the foregoing provisions, any person may receive credit toward an ERT for any emission reduction strategy that the employer or other person demonstrates to the Executive Officer achieves real, quantifiable, enforceable, and surplus emission reductions for a discrete period of time. Such strategies may include, but are not limited to, the reduction of non-work trips, other vehicle or engine accelerated turnover programs, the provision of new vehicle purchase subsidies or discounts, and local community or development projects that reduce trip or energy demand or that expand clean fuel or high-occupancy travel options. The Executive Officer shall not approve an alternative emission reduction program unless it is consistent with other District regulations and the Rule 2202 - On-Road Motor Vehicle Mitigation Options Implementation Guidelines.

~~(6) — Any person may elect to use RECLAIM Trading Credits (RTC) that were generated in accordance to the pilot credit generation programs in paragraphs (f)(1) or (f)(3) and that have applications approved prior to February 6, 2004, in accordance with the following conditions:~~

~~(A) — Within 30 days from February 6, 2004 transfer the RTCs out of the RECLAIM Program into an undesignated account, provided that these RTCs are held in an RTC certificate account, are distinguishable from other RTCs, and must only be purchased or transferred directly from the original applicant or originator;~~

~~(B) — The RTCs have not yet expired as issued. The use of RTCs in the Rule 2202 program shall not extend the credit life.~~

(g) Vehicle Trip Emission Credits (VTEC)

Employers may elect to implement any of the following strategies and obtain vehicle trip emission credits that can be used to comply with subdivision (e). Such actions are at the sole discretion of the employer.

(1) Peak Commute Trip Reductions

Employers may receive VTEC from employee commute reductions that occur during the peak window in accordance with the Rule 2202 - On-

Road Motor Vehicle Mitigation Options Implementation Guidelines. VTEC obtained from peak commute trip reductions shall be determined according to the following equation:

$$\text{VTEC} = \left[\frac{\text{Creditable Commute}}{\text{Vehicle Reductions (CCVR)}} \right] \times \left[\frac{\text{Emission}}{\text{Factor (EF)}} \right]$$

Where:

CCVR = The daily average of total commute vehicle reductions that are real, surplus, and quantifiable.

EF = Annual Emission Factor in paragraph (n)(2) of this Rule (pounds/year/daily commute vehicle).

In calculating VTEC for the subsequent year, employers may utilize data from previous years obtained by one of the following methods:

- (A) Default data based on the weighted average of the average vehicle ridership survey data of the previous three consecutive years; or
- (B) Data obtained by conducting an average vehicle ridership survey in accordance with the Rule 2202 - Employee Commute Reduction Program Guidelines; or
- (C) Data based on the default average vehicle ridership of 1.10; or
- (D) Data obtained by an alternative methodology, which may include documentation of the CCVR claimed, approved by the Executive Officer or designee.

(2) Other Work-Related Trip Reductions

Employers may receive additional VTEC from employee commute reductions that occur outside of the peak window or from non-commute vehicle usage calculated as creditable trip reductions and approved by the Executive Officer or designee. VTEC obtained from other work-related trip reductions shall be determined according to the following equation:

$$\text{VTEC} = \left[\frac{\text{Creditable Trip Reductions (CTR)}}{\text{Conversion Factor (CF)}} \right] \times \left[\frac{\text{Emission}}{\text{Factor (EF)}} \right]$$

Where:

CTR = The daily average of one-way trip reductions that are real, surplus, and quantifiable. A round trip is considered to be

two one-way trips.

CF = 2.0 for Peak Window trips; 2.3 for other trips.

EF = Annual Emission Factor in paragraph (n)(2) of this Rule
(pounds/year/daily commute vehicle).

(3) Vehicle Miles Traveled (VMT) Reduction Programs

Subject to approval of the Executive Officer or designee, employers may elect to implement VMT reduction programs and receive VTEC towards their ERT. Reduction of annual employee commute VMT may result from employment center relocation, video-conference centers, telecommuting centers or other alternative programs approved by the Executive Officer or designee. The Executive Officer shall not offer any VTEC for a VMT reduction program unless it includes baseline VMT estimates and demonstrates that VMT reductions result in real, quantifiable, enforceable, and surplus emission reductions.

(4) Parking Cash-Out Program

Employers may elect to implement a Parking Cash-Out Program to reduce employee commutes and receive VTEC toward their ERT. Parking Cash-Out is a program where an employer offers to provide a cash allowance to an employee, equivalent to the parking subsidy that the employer would otherwise pay to provide the employee with a parking space. Incorporation of the Parking Cash-Out Program as one of the options in Rule 2202, does not relieve the affected parties from complying with the provisions of the Health and Safety Code section 43845.

(h) General Emissions Credit Provisions

The following provisions shall apply to any of the strategies in subdivisions (f) and (g):

(1) An employer or other person seeking credit under this Rule may use actual annual mileage per vehicle, or alternative estimates of vehicle miles traveled (VMT) contained in Rule 2202 - On-Road Motor Vehicle Mitigation Options Implementation Guidelines.

(2) Emission credit strategies that do not provide the precise amount of surplus emission reductions required for each of the three pollutants addressed by this Rule (VOC, NOx, and CO) may still qualify for

equivalent credit if the employer provides equivalent credits obtained pursuant to paragraph (h)(3).

- (3) Any person holding emission credits, other than vehicle trip emission credits (VTEC), pursuant to this Rule may trade some or all of those credits to other employers.
- (4) Emission ~~reduction~~ credits ~~generated~~ issued pursuant to paragraphs (f)(1), (f)(2), ~~and~~ (f)(3), and (f)(4) that have been transferred ~~to an employer subject to this~~ into the Rule 2202 program, shall not be used to comply with or meet the requirements of any other District rule or program, with the exception of ERCs pursuant to paragraph (f)(2), for which the original ERC certificate may be transferred out of the Rule 2202 program at any time in accordance with the following conditions:
 - (A) None of the original ERC certificate has ever been used in any discrete year to comply with any requirement of this rule since the initial transfer into the Rule 2202 program;
 - (B) The applicant submits an application for transfer and applicable fees, and receives approval of the Executive Officer, based on a determination that none of the original ERC certificate has been used. Upon approval by the Executive Office and reissuance of an ERC certificate, the ERCs may be used in any District program authorizing use of such ERCs except Rule 2202; and,
 - (C) The amount of ERC certificate to be reissued in pounds per day shall be based on the amount that was transferred into Rule 2202 minus the 10% originally discounted when the ERC was initially transferred into the program.
- (5) All emission credits submitted pursuant to subdivision (f) must be valid for a minimum of six (6) months of the employer's registration compliance year ~~for those registrations that have permanent due dates on and after June 7, 2004~~. This provision shall not apply to emission credits generated from projects approved or submitted prior to February 6, 2004.
- (6) ~~On and after February 6, 2004 a~~An employer may apply inter-pollutant crediting, using VOC or NOx emission credits ~~generated~~ issued pursuant to subdivision (f), in lieu of all or part of a worksite's CO emission reduction target in accordance with the Rule 2202 Implementation Guidelines and the following crediting ratios:

1 pound of VOC = 10 pounds of CO

1 pound of NO_x = 6 pounds of CO

- (7) ~~Emission reduction credits generated issued pursuant to paragraph (f)(5)(6), but not used in the Rule 2202 program,~~ shall not be used to comply with or meet the requirements of any other District source specific rule unless otherwise approved by the Executive Officer authorized by other District rules or programs.
- (8) Emission Reduction Credits (ERCs), as defined in paragraph (d)(5), on or after [date of adoption], cannot be transferred into the Rule 2202 program.
- (9) Reclaim Trading Credits (RTCs), on or after [date of adoption], cannot be transferred into the Rule 2202 program.
- ~~(8)(10)~~ Upon the expiration rescission of this Rule, any unused emission credits, with the exception of ERCs, may be applied to other emission reduction programs pursuant to and consistent with District rules and regulations. ERCs assigned to, or designated for use in the Rule 2202 program shall be permanently retired and will no longer be available for use unless otherwise specified in paragraph (h)(4).

~~(i)~~ Shortfall Penalties

~~Effective February 6, 2004 the shortfall penalty provisions of the pilot credit generation program rules shall apply to any generator or user of emission reduction credits issued in accordance with paragraphs (f)(1), (f)(3), or (f)(6). If the pilot credit generation program rule does not have a shortfall penalty or if the penalty provisions are not applicable the following provisions shall apply:~~

- ~~(1) If a shortfall exists, credits equal to 110 percent of the shortfall shall be obtained and surrendered to the Executive Officer such that the credit generator shall retire emission credits generated from paragraphs (f)(1), (f)(3), or (f)(6).~~
- ~~(2) If the shortfall cannot be reconciled by the credit generator through paragraph (i)(1), any employer who uses the pilot program credits for compliance with subdivision (e) shall obtain and surrender 100 percent of the emission reduction credits from paragraphs (f)(1), (f)(2), (f)(3), (f)(5) or (f)(6) equal to the shortfall or invest an equivalent amount of funds in the AQIP.~~

~~(j)~~ (i) Program Administration

Rule 2202 shall be administered according to the following:

- (1) Employers shall annually register with the District to implement an Emission Reduction Program for each worksite. The registration shall include the following information:
 - (A) The name of the highest ranking company official, the name of the contact person, company address, telephone numbers for all participating worksites;
 - (B) The on-road vehicle mitigation option(s) that will be used;
 - (C) The total number of employees that report to work in the peak window;
 - (D) The total number of employees at that worksite; and,
 - (E) Calculations for VOC, NO_x, and CO emission reductions for any of the on-road vehicle mitigation options in subdivision (f) or the vehicle trip emission credit options in subdivision (g).
- (2) Annual registration shall include changes in employment base and any other changes that would necessitate adjustment in emission reduction targets or program implementation.
- (3) Annual registration due dates shall remain permanent unless a formal request to change the due date has been submitted by the employer and approved in writing by the District.
- (4) Employers may request to amend their Emission Reduction Program at any time and implement the amendments with written approval of the Executive Officer subject to the criteria contained in paragraph ~~(j)~~(i)(1).
- (5) Rather than registering with the District for each individual worksite, an employer may submit a single registration to implement an Emission Reduction Program that meets the aggregated ERT of several sites.
- (6) Emission credits obtained pursuant to subdivision (f) or (g) shall be surrendered to the Executive Officer within the first six months of the approval of the registration forms. The Executive Officer may grant extensions not to exceed six months on a case-by-case basis upon a finding that earlier compliance would present an unreasonable hardship.
- (7) Records which document the accuracy and validity of all information submitted to the District as required by this Rule shall be kept by the employer for a minimum of three years and made available upon request during normal business hours.
- (8) On a semi-annual basis the Executive Officer shall recommend to the District's Governing Board the release of monies from the AQIP restricted

fund. The program shall be administered and consideration of proposals shall be subject to the following:

- (A) Proposals shall be accepted on an ongoing basis;
 - (B) Equal consideration shall be given to cost-effective proposals and those that achieve long-term advancement of mobile source technology;
 - (C) The amount of emission reductions required to demonstrate equivalent emission reductions shall be determined on a semi-annual basis, as the sum of the ERTs for all the participating employers;
 - (D) Inter-pollutant crediting may be applied toward the CO emission reductions required to demonstrate equivalent emission reductions in subparagraph (j)(1)(8)(C) in accordance with the crediting ratios specified in paragraph (h)(6);
 - (E) The allocation of funding shall be recommended for proposals that reduce equivalent emissions within each county proportional to the contribution level of employers within each county to the greatest extent feasible; and,
 - (F) The emissions reductions are demonstrated to be real, quantifiable, enforceable, and surplus, in accordance with the Rule 2202 - On-Road Motor Vehicle Mitigation Options Implementation Guidelines.
 - (G) ~~On and after February 6, 2004,~~ The Executive Officer is authorized to use up to 5% of the AQIP funds collected in any given year for program administration.
- (9) Registration forms submitted by employers shall be subject to the fee schedule set forth in Rule 308 – On-Road Motor Vehicle Mitigation Options Fees and Rule 311 – Air Quality Investment Program (AQIP) Fees. Employers choosing to implement the Employee Commute Reduction Program under paragraph ~~(m)(1)(3)~~ shall be subject to the fee schedule set forth in Rule 308.
- (10) Any employer subject to Rule 2202 or to the exemptions of paragraph ~~(m)(1)(3)~~ of this Rule shall comply with the requirements of Rule 701 – Air Pollution Emergency Contingency Actions.
- (11) All registrations submitted pursuant to subdivision (e) and projects subject to ~~subdivision paragraphs (f)(4) and (f)(5) and (f)(6)~~ shall be subject to the

emission factors under which they were originally approved, funded, or implemented.

- (12) Any person submitting a project pursuant to paragraph (f)~~(5)~~(6) shall submit an application as described in the Rule 2202 Implementation Guidelines and shall be subject to the fee schedule set forth in Rule 308 – On-Road Motor Vehicle Mitigation Options Fees.
- (13) All emission credit transfers to non-Rule 2202 employers or any transfer of credits outside of the credit submittal cycle shall be subject to the applicable fee schedule set forth in Regulation III - Fees.

~~(k)~~(j) Previously Delegated Programs

Any employer that is in compliance with an ordinance adopted by a local government that has a trip reduction ordinance that was approved by the District prior to the effective date of this Rule, and that has an existing memorandum of agreement with the District, shall be deemed in compliance with this Rule.

~~(j)~~(k) Delegation to Local Governments

The District may delegate authority to implement all or part of Rule 2202, except for the provisions of paragraph (f)~~(4)~~(5), to any local government that satisfies the following criteria:

- (1) The local government adopts an ordinance that is at least as stringent as Rule 2202 in the following areas:
 - (A) Applicability;
 - (B) Emission reductions target;
 - (C) Vehicle trip emission credit calculations;
 - (D) Annual registration; and
 - (E) Recordkeeping.
- (2) The local government demonstrates to the satisfaction of the Executive Officer that:
 - (A) It has an implementation plan providing adequate resources to adopt and enforce the ordinance; and
 - (B) Multiple site employers with more than one regulated worksite in the District have the option of complying with the District Rule instead of the local ordinance.
- (3) The local government has executed a Memorandum of Understanding with the Executive Officer specifying the procedures to monitor and

review performance of the local government in implementing the program, and procedures for revocation of delegation if the Executive Officer determines that performance of the local government is inadequate.

(m)(1) Exemptions

(1) Employee Threshold

Any employer whose employee population at the worksite decreases to fewer than 250 employees for the prior consecutive six month period, calculated as a monthly average; or fewer than 33 employees are scheduled to report to work Monday through Friday between 6:00 a.m. – 10:00 a.m. for the prior consecutive 90 days, may submit a written request to the Executive Officer or designee to be exempted from this Rule. Employers must submit a registration form not later than 90 days after they know or should have known that they no longer qualify for this exemption.

(2) Declared Bankruptcy

An employer who has declared bankruptcy, for the official business or governmental operations of its organization or company, through a judicial court filing and confirmation process, may submit a written request to the Executive Officer to grant a temporary waiver from complying with the requirements of this Rule. Upon demonstration of the filing and confirmation of bankruptcy, the Executive Officer will grant an exemption for the duration of bankruptcy, not to exceed two years, from the date of the waiver.

(3) Employee Commute Reduction Program

Rather than comply with the provisions of subdivision (e) of this Rule, employers may elect to implement an employee commute reduction program that demonstrates conformance with the Employee Commute Reduction Program Guidelines. Effective January 1, 2005, employers must annually submit a program that will meet an average vehicle ridership performance requirement of 1.75 for Performance Zone 1; 1.5 for Performance Zone 2; and 1.3 for Performance Zone 3, unless the following conditions are met:

- (A)** Employers surrender the difference in emission reductions between the worksite average vehicle ridership and the Performance Zone requirement through participation in the Air Quality Investment

Program (AQIP) or surrendering of equivalent emission-reduction credits in accordance with the provisions of subdivisions (f) or (g);
or

- (B) Employers comply with the good faith effort determination elements described in the Employee Commute Reduction Program Guidelines. All approved good faith effort elements shall be maintained during the plan compliance year. Deletion or substitution of any good faith effort element is not allowed unless approved in writing by the District.

(4) **Renewal Date**

~~(A) Notwithstanding the provisions of paragraph (m)(3), Rule 2202 Employee Commute Reduction Program triennial plans, that have permanent due dates before June 7, 2004, shall remain in effect until the next triennial renewal date, after which time employers shall submit an annual program in accordance with paragraph (m)(3).~~

~~(B)~~(A) On and after June 7, 2004, Employee Commute Reduction Program shall be submitted annually.

~~(C)~~(B) The currently approved Rule 2202 Registration shall remain in effect until the annual renewal date.

~~(D)~~(C) Program annual due dates shall remain permanent unless a formal written request to change the due date has been submitted by the employer and approved in writing by the District.

(5) **Primary and Secondary School Districts and Schools**

Any public or private primary or secondary school district or school that buses two students for every one peak window employee at worksites subject to the Rule is exempt from Rule 2202, according to the following criteria:

(A) School districts and schools shall keep records demonstrating the maintenance of this ratio on-site and make them available upon request by the Executive Officer or designee; and

(B) On a case-by-case basis, the Executive Officer or designee may approve a request by a school district or school to modify the default student-to-employee ratio to reflect location, trip length and other school district or school specific busing program characteristics in order to maintain equivalency with emission

reductions which would occur if the district or school met its emission reduction goals under Rule 2202; and

- (C) The Executive Officer may periodically update and publish the default student-to-employee ratio to reflect changes to revised emission factors published by the California Air Resources Board. School districts and schools may opt not to be exempt but to implement a Rule 2202 program and claim credit for surplus emission—~~reduction~~ credits earned through a student busing program and other Rule 2202 compliance options.

(6) Primary and Secondary School District Financial Hardship

Due to their financial hardship, notwithstanding the criteria of paragraph ~~(m)~~(1)(5), school districts that have received a Negative or Qualified Certification status from their County Board of Education pursuant to Chapter 6, Part 24 of Division 3 of the Education Code, deeming that based upon current projections the school district or county office of education will not or may not meet its financial obligations, may request the Executive Officer to grant a temporary exemption from the requirements of the Rule. The Executive Officer shall grant a temporary exemption for the period during which the Negative or Qualified Certification status applies.

(7) Police/Sheriff/Federal Field Agents

~~Effective February 6, 2004~~ Employers may exclude Police, Sheriff, or Federal Field Agents from the number of employees in the peak window for average vehicle ridership surveys provided that:

- (A) These employees be included in the employee count for rule applicability, and
- (B) Those worksites electing to exclude such employees from the average vehicle ridership surveys and calculations must provide the basic support strategies including, but not limited to, ridematching and transit information for all employees, and preferential parking and guaranteed return trips for said employees who are ridesharing.

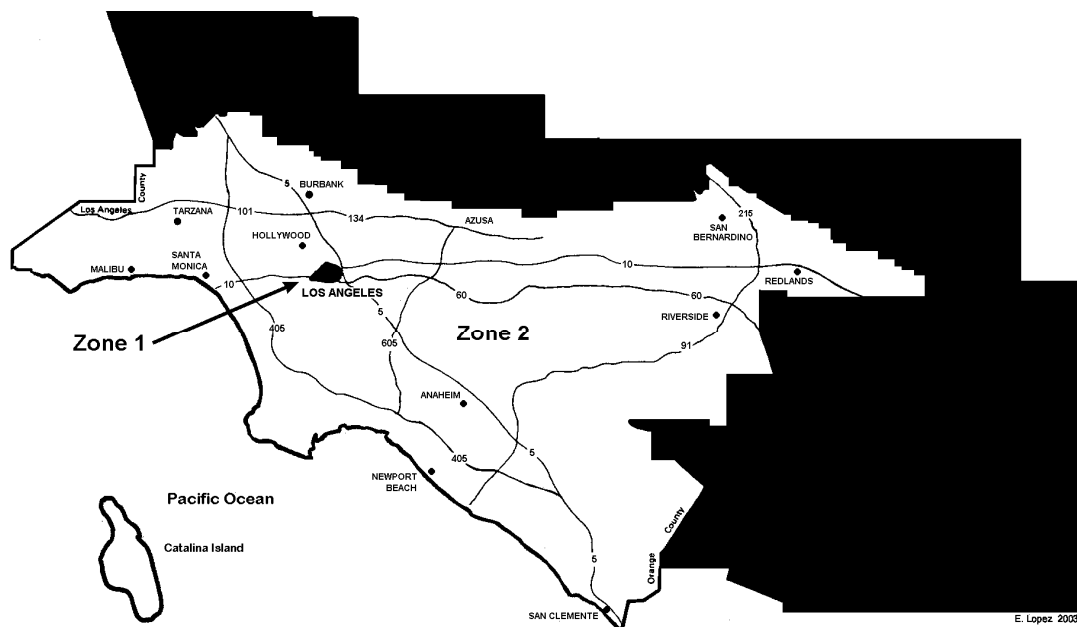
- (8) Persons subject to this rule who are unable to comply with any part of this rule may apply for a variance with the District's Hearing Board in accordance with Regulation V – Procedure Before the Hearing Board.

~~(n)~~(m) Emission Factors

The emission factors, which shall be used in calculations pursuant to this Rule, shall be revised upon EPA's final approval for use of the California Air Resources Board (CARB) approved on-road mobile source emission factor (EMFAC) model.

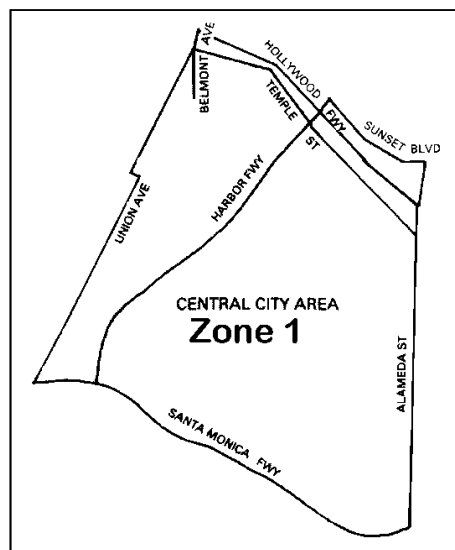
- (1) The employee emission reduction factors (pounds per year per employee) specified in the Rule 2202 - On-Road Motor Vehicle Mitigation Options Implementation Guidelines shall be used in determining the Emission Reduction Target with respect to the worksite Performance Zone. The Performance Zone is determined by the worksite location within the geographic boundaries as described in Attachment I of this rule.
- (2) The default emission factors (pounds per year per daily commute vehicle), specified in the Rule 2202 - On-Road Motor Vehicle Mitigation Options Implementation Guidelines, may be used in determining vehicle trip emission credits.
- (3) The emission factors specified in paragraphs ~~(n)~~(m)(1) and ~~(n)~~(m)(2) may be modified to site specific emission factors reflecting vehicle age and trip length characteristics of the employee vehicle fleet, in accordance with the calculation procedures included in Rule 2202 - On-Road Motor Vehicle Emissions Mitigation Options Implementation Guidelines.

ATTACHMENT I



PERFORMANCE ZONES

- A worksite's Performance Zone depends on its location.
- District's Source/Receptor Areas are shown in Attachment 3 of Rule 701 - Air Pollution Emergency Contingency Actions.
- **Zone 1** is the Central City Area of Downtown Los Angeles within the District's Source/Receptor Area 1.
- **Zone 2** corresponds to the District's Source/Receptor Areas 1 through 12, 16 through 23, and 32 through 35, excluding the Zone 1 - Central City Area.
- **Zone 3** corresponds to the District's Source/Receptor Areas 13, 15, 24 through 31, and 36 through 38.



ATTACHMENT G

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

RULE 2202 - ON-ROAD MOTOR VEHICLE MITIGATION OPTIONS

PROPOSED AMENDED IMPLEMENTATION GUIDELINES

~~February 2004~~ June 6, 2014

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I. BACKGROUND

A. Summary

Rule 2202 has been designed to reduce emissions from mobile sources. The Rule provides employers with a menu of options that they can choose from to implement and meet the emission reduction target (ERT) for their worksite.

The purpose of this document is to provide guidelines for compliance with the provisions of Rule 2202. The various emissions reduction strategies and trip reduction strategies currently contained in the Rule that employers can implement and receive credit towards their ERTs are listed in the Table below.

Emission Reduction Strategies (Subdivision (f))	Trip Reduction Strategies (Subdivision (g))
<ul style="list-style-type: none"> • <u>Mobile Source Emission Reduction Credits (MSERCs) (Regulation XVI)</u> • Clean On-Road Mobile Sources (Regulation XVI) • Clean Off-Road Mobile Sources (Regulation XVI) • Pilot Credit Generation Programs • Air Quality Investment Program • <u>Short Term Emission Reduction Credits (STERCs) From Stationary Sources (Regulation XIII)</u> • <u>Emission Reduction Credits (ERCs) from Stationary Sources (Regulation XIII) approved for transfer prior to [date of adoption].</u> • Area Source Credits (Regulation XXV) 	<ul style="list-style-type: none"> • Peak Commute Trip Reductions • Other Work-Related Trip Reductions • Vehicle Miles Traveled (VMT) Programs • <u>Off-Peak Commute Trip Reductions</u> • <u>Vehicle Miles Traveled (VMT) Programs</u>

~~Table I-1: Emission Reduction Options~~

As an alternative to meeting the ERT at their worksite, the Rule allows the employers optional implementation of an Employee Commute Reduction Program (ECRP). Implementation details of this strictly optional program are included in the ECRP Guidelines. The Implementation Guidelines outlines the framework, calculation methodology, and criteria used in determining emission reductions credits and vehicle trip emission credits (VTECs) that can be applied towards meeting emission reduction targets (ERT).

An employer would comply with the provisions of the rule by submitting an Emission Reduction Strategy (ERS). The ERS submittal will describe the ERT calculation and how it will be implemented to meet the worksite's ERT.

B. Emission Reduction Target (ERT)
(R2202, subdivision (e))

Employers subject to Rule 2202 are required to implement an emission reduction program and meet an annual ERT for Volatile Organic Compounds (VOC), Oxides of Nitrogen (NO_x) and Carbon Monoxide (CO). Figure I-1 outlines the equation used to determine the ERT for each pollutant.

$$\left[\begin{array}{c} \text{Emission} \\ \text{Reduction Target} \\ \text{(lbs/year)} \end{array} \right] = \left[\begin{array}{c} \text{Employees} \times \frac{\text{Employee Emission}}{\text{Reduction Factor}} \end{array} \right] - [\text{VTEC}]$$

Figure I-1. Emissions Reduction Target Determination

The employer's emission reductions can be further reduced through generation of Vehicle Trip Emission Credits (VTECs) from the implementation of optional trip reduction strategies. These VTECs, obtained through peak and off-peak commute trip reductions, other work-related trip reductions, or vehicle miles traveled (VMT), can be applied towards meeting an employer's ERT. Credit for any program must go beyond the requirements of existing state and federal programs to avoid "double counting" the emission reductions. All emission credits are valid according to the conditions, guidelines, or regulations under which they were originally issued.

C. Pollutants Considered

Vehicle trips are responsible for the emissions of VOC, NO_x, and CO. Most trip reduction programs reduce emissions by similar relative amounts. Emission reduction strategies, however, aimed primarily at reducing emissions rather than trips, may reduce emissions by different relative amounts. Rule 2202 is designed to reduce emissions of VOC, NO_x, and CO, by an equal or greater amount to that achievable through trip reduction. Rule 2202 allows employers to select and implement a combination of emission reduction strategies and meet the site-specific ERTs for VOC, NO_x, and CO.

II. EMISSION REDUCTION STRATEGIES

The emission reduction strategies considered in this document may include old-vehicle scrapping, clean on-road vehicles, clean off-road vehicles, ~~pilot credit generation programs~~, other programs under Regulation XVI, STERCs ~~from stationary sources~~, area source credits, and the air quality investment program. In addition, companies can meet the emission reduction requirements, in whole or in part, by obtaining sufficient VTECs.

A. Mobile Source Emission Reduction Programs Credits (MSERCs) (R2202, paragraph (f)(1))

Any person may elect to use mobile source emission reduction credits (MSERCs) ~~generated~~ issued in accordance with the provisions of Regulation XVI - Mobile Source Offset Programs. Regulation XVI sets forth the requirements that are based on voluntary programs that achieve emission reductions beyond those required by local, state and federal regulations or programs. Any person may generate MSERCs through the voluntary implementation of any Regulation XVI program and apply them toward meeting the ERT for their site or trade and/or sell them to other persons. Alternatively, employers that have a shortfall in meeting their ERTs can purchase surplus MSERCs from other employers or a credit vendor. Credits ~~generated~~ issued under Regulation XVI programs are subject to the quantification, issuance, and credit life restriction of the applicable rules and may be used for Rule 2202 as well as other SCAQMD rule compliance that authorizes such use.

B. Short Term Emission Reduction Credits (STERCs) (R2202, paragraph (f)~~(2)~~(3))

Employers may elect to use STERCs ~~generated~~ issued in accordance with Regulations XIII – New Source Review. In order for STERCs to be used to meet employers' emission reductions target or as part of an ~~air quality investment program~~, the following apply for purposes of use in Rule 2202:

1. Only STERCs issued in accordance with Rule 1309 - Emission Reduction Credits and Short Term Credits shall be allowed for use in Rule 2202.
2. STERCs are subject to the application, eligibility, registration, use, and transfer requirements in Rule 1309.
3. ~~STERCs may be transferred to Rule 2202 upon submittal of a transaction application and fees. A transaction/registration application and filing fee per transaction shall be required to process the STERC transaction upon amendment to the fee rule.~~
43. STERCs issued pursuant to Rule 1309 may be used only if the original ERC was generated on or after January 1, 1996. The credit generation date is defined as the original date the SCAQMD issued the official Certificate of Title, not the date when the emission reductions occurred or when the ERC or Certificate was split or transferred.

- ~~54.~~ For the purposes of Rule 2202, STERCs will be converted into annual emissions (lbs/year). The average number of operating days used in the original ERC evaluations shall be the basis for converting the STERC to annual emissions. If the number of operating days is unspecified, the default value of 260 days will be used for the number of operating days. Such conversions shall be done at the time when the STERCs are transferred to the Rule 2202 program.
5. STERCs, issued pursuant to Rule 1309(f), shall be transferred into the Rule 2202 program as one year increments.
6. Any person transferring a STERC into Rule 2202 shall submit an application for the transfer of each certificate and pay the applicable per certificate transfer fees in accordance with Rule 301 – Permitting and Associated Fees. Upon approval and transfer into the Rule 2202 program the original Certificate of Title shall be cancelled and the cancellation recorded in the NSR Register of Title.
7. STERCs can only be used in the Rule 2202 program during the specific calendar year for which the STERC is valid.
- ~~68.~~ STERCs in the Rule 2202 program may be divided among several worksites.
9. The permanent credit portion of the STERC, if any, issued pursuant to Rule 1309(f)(1), are subject to the requirements below governing ERCs.
- ~~7. ERCs transferred into the Rule 2202 program shall remain in the program as ERCs. Those that are currently held in a Rule 2202 broker account shall have 90 days from February 6, 2004 to transfer out of the program. After the 90 days no further complete or partial transfers out of the program will be allowed. At any time, ERCs held in an undesignated account may be transferred in whole or part into the Rule 2202 program for use in satisfying an employer's ERT.~~

C. Emission Reductions Credits (ERCs)
(R2202, paragraph (f)(2))

Employers may elect to use ERCs that were approved for transfer into the program before [date of adoption] and were issued in accordance with Regulation XIII. In order for ERCs to be used to meet an employer's emission reduction target or as part of an Air Quality Investment Program, the following apply for purposes of use in Rule 2202:

1. ERCs that have been transferred into the Rule 2202 program shall permanently remain in the program, unless specified pursuant to section C.2. below.
2. The original ERC certificate may be transferred out of the Rule 2202 program at any time in accordance with the following conditions:
 - (a) None of the original ERC certificate has ever been used in any discrete year to comply with any requirement of this rule since the initial transfer into the Rule 2202 program;
 - (b) The applicant submits an application for transfer and applicable fees, and receives approval of the Executive Officer, based on a determination that none of the original ERC certificate has been used. Upon approval by the

- Executive Office and reissuance of an ERC certificate, the ERCs may be used in any District program authorizing use of such ERCs except Rule 2202; and,
- (c) The amount of ERC certificate to be reissued in pounds per day shall be based on the amount that was transferred into Rule 2202 minus the 10% originally discounted when the ERC was initially transferred into the program.
4. For purposes of Rule 2202, ERCs shall be converted into an annual allocation of pounds per calendar year. The average number of operating days used in the original ERC evaluations shall be the basis for converting the ERC pounds per day (lbs/day) to the annual allocation (lbs/year). If the number of operating days is unspecified, the default value of 260 days will be used for the number of operating days. Such conversions shall be done at the time when the ERC is transferred to the Rule 2202 program.
5. Annual allocations are only available for use in the calendar year for which it was allocated. Unused portions of the annual allocation cannot be banked or rolled-over for future use. The annual allocation may be divided and used by multiple employers for meeting their ERT.
6. The initial annual allocation shall be based on the date the ERC Certificate of Title was transferred into the Rule 2202 program.
7. Effective January 1, 2015, the existing broker account ERCs will be annually discounted beginning the eighth year after the initial date of transfer into Rule 2202 and shall have their initial 10% discount restored on January 1st of the eighth year. The initial 10% discount was taken in accordance with SCAQMD policies for the transfer of ERC into Rule 2202.
8. Each year on January 1st, the annual discount shall be determined by the percent change between the year of use and the previous year emission factors expressed as pounds per year per daily commute vehicle as determined by the most recent CARB and EPA approved EMFAC emission model as follows:

$$\frac{\text{New-Current Year}}{\text{Annual Allocation}} = \frac{\text{Current-Previous Year}}{\text{Annual Allocation}} * \frac{ef_{\text{current year}}}{ef_{\text{previous year}}}$$

Where:

ef = Emission factor in pounds/year/daily commute vehicle

ef_{current year} = Emission factor for the current year of use

ef_{previous year} = Emission factor for the year immediately prior to the current year of use

The annual discount percentages (i.e., $ef_{\text{current year}} / ef_{\text{previous year}}$) will be published annually.

9. If Rule 2202 is rescinded, all ERCs held in the Rule 2202 program shall be permanently retired and will no longer be available for use unless otherwise specified in section C.2. above.

~~C.D.~~ **Area Source Credits (ASCs) from Regulation XXV**
(R2202, paragraph (f)(~~3~~)(4))

Regulation XXV - Intercredit Trading provides an opportunity for employers to generate or obtain emission reductions from alternative sources and apply them towards meeting the ERT for their site or trade them to other employers or persons in accordance with paragraph (f)(~~3~~)(4) of the Rule. Regulation XXV emission credits that are used in Rule 2202 are subject to the same limitations on quantification, credit issuance, credit life, and eligibility, as set forth in that regulation.

Area source credit generation is a voluntary program and provides a mechanism to convert emission reductions from non-permitted stationary sources into tangible emission credits. Area sources include a wide variety of sources, such as small combustion equipment including engines, heaters, and boilers.

~~D.E.~~ **Air Quality Investment Program (AQIP)**
(R2202, paragraph (f)(~~4~~)(5))

The concept of an AQIP is based on relative cost-effectiveness. Employers may participate in the AQIP by submitting an air quality investment, to be placed in a restricted fund as set forth in Rule 311 - Air Quality Investment Program Fees.

The SCAQMD Executive Officer will recommend to the SCAQMD Governing Board the release of request for proposals (RFP) to solicit projects that will achieve the emission reduction targets for a given compliance period. At a minimum, the release will be on a semi-annual basis.

Proposals for using monies from the restricted fund will be accepted by the SCAQMD Executive Officer on an ongoing basis. The SCAQMD Executive Officer will determine the amount of emission reductions required to demonstrate equivalent emissions reductions and the amount that will be achieved by the proposal. The quantification protocols shall be consistent with conditions specified under section ~~EF~~. Other Emission Reductions Strategies. The proposals received will be rated by source category, including a category for TDM projects. The Executive Officer will then recommend to the Governing Board proposals that achieve equivalent emissions reductions. The Executive Officer may use inter-pollutant crediting to achieve emissions equivalent to the level of the employers' participation. The AQIP emission reduction commitment will be based on the rule emission factors for the current year in question regardless of when the initial monies were placed into the program. In addition, the Executive Officer will recommend that the allocation of funding for proposals that reduce equivalent emissions within each county be proportional to the contribution level of employers within each county to the greatest extent feasible. As part of the RFP release, the Executive Officer will provide to the SCAQMD Governing Board a status report on program effectiveness and the balance of monies in the fund.

E.F. Other Emission Reduction Strategies
(R2202, paragraph (f)(5)(6))

Any person may submit an application, pursuant to paragraph (f)(5)(6) of the Rule, to generate VOC, NOx, and CO emission reductions from alternative emission reduction projects for use in Rule 2202. Applications, with complete information, shall be submitted at least 30 days prior to implementing an emission reduction project. The Executive Officer shall approve or disapprove the application and any subsequent revisions in writing within 90 days of submittal.

1. The application shall be submitted on a form specified by the SCAQMD, and at a minimum include the following:
 - a. Project description;
 - b. Name and address of the applicant;
 - c. Name and address of the owner and/or operator of the equipment;
 - d. Identification of the geographical area(s) served by the project;
 - e. Equipment description (including manufacturer specifications, certification data, etc.);
 - f. Project start date;
 - g. Project life;
 - h. Activity level (such as, hours of operation, fuel usage, odometer mileage);
 - i. Estimated emission reductions;
 - j. Emission reduction calculations, description of methodology used and references; and
 - k. Monitoring, recordkeeping and reporting methods, including methods for tracking project emission reductions.
2. The alternative emission reduction project shall be subject to the following conditions:
 - a. For meeting District regulatory requirements, the credits issued under paragraph (f)(5)(6) shall only be used for R2202, and shall be subject to all provisions of Rule 2202.
 - b. The SCAQMD shall approve all emission reductions prior to use.
 - c. The emission reductions shall be valid for two years from the date of SCAQMD approval unless otherwise specified in the approved emission reduction quantification protocols developed in paragraphs 2d. and 2e. below.
 - d. The emission reduction quantification shall be based on applicable SCAQMD rules and regulations, approved methodologies, Governing Board policies and guidelines, and the guidelines and methodologies established by CARB and EPA. The emission reduction quantification protocol shall be ~~selected with~~

- ~~the concurrence of AQMD staff and approved by the Executive Officer and reviewed by the Governing Board Mobile Source Committee.~~
- e. If there is no applicable protocol, an emission reduction quantification protocol shall be developed. The proposed emission reduction quantification protocol shall be presented to the Governing Board Mobile Source Committee for review and approval.
 - f. Emission reductions generated under this provision shall not be the result of funding from any other SCAQMD, state or federal program that prohibits the use of such reductions for other purposes (e.g., AB2766 subvention funding, Carl Moyer, etc.).
 - g. Emission reductions achieved by the project shall be based on the actual operation of the equipment as provided in the emission reduction quantification protocol.
 - h. Emission reductions may be issued quarterly or semi-annually, based on the actual activity level for the previous quarter or six-months.
 - i. Emission reductions may be held in ~~an undesignated~~ a broker account, for tracking purposes, until transferred to an employer for rule compliance purposes.
 - j. The application shall be deemed a plan, and plan fees shall be assessed in accordance with Rule 308 – On-Road Motor Vehicle Mitigation Options Fees.
 - k. Emission reductions generated from projects that are in excess of those designated for Rule 2202 compliance may be used for other purposes subject to the approval of the Executive Officer.

SCAQMD staff is available to work with project proponents to develop emission reduction protocols and intends to compile protocols, when available, to ensure public accessibility.

F.G. General Emission Credit Provisions
(R2202, subdivisions ~~(f)~~ and ~~(g)~~ (h))

~~Any person may apply MSERCs, RTCs, or ASCs generated pursuant to any AQMD mobile source or area source pilot credit generation program in accordance with the provisions and penalties under which the credits were issued unless otherwise noted below.~~

- 1. ~~RECLAIM Trading Credits (RTC) originating from MSERCs or ASCs with applications approved prior to February 6, 2004 may be used in Rule 2202 in accordance with the following conditions:~~
 - a. ~~If held in an RTC certificate account, are distinguishable from other RTCs and must only be purchased or transferred directly from the original applicant or originator. In addition, the original applicant or originator, within 30 days from February 6, 2004, transfers the RTCs to an undesignated account. After~~

-
- ~~the 30 days no further transfers out of the RECLAIM program will be allowed;~~
 - ~~b. Have not yet expired as issued. The use of RTCs in the Rule 2202 program shall not extend the credit life, and~~
 - ~~c. Emission reductions or credits generated pursuant to a pilot credit generation program may be reconciled as frequently as every quarter or six months for use in the Rule 2202 program and the approved application can be revised annually during the reduction period, if applicable.~~
- ~~2. On or after February 6, 2004, pilot credit generation programs shall be subject to the following provisions:~~
- ~~a. Applicants under the pilot generation credit program rules must specify in their application the RTC cycle that may be utilized; the amount (pounds) of emission reductions to be issued as RTCs for each year; and, indicate if the emission reductions are to be held in an undesignated account as an MSERC until they are sold or transferred.~~
 - ~~b. The applicant may convert these undesignated MSERCs to RTCs at any time during the one year life of the credit.~~
 - ~~c. Once the MSERC has been converted to RTCs they are no longer available for use in Rule 2202. Alternatively, the MSERCs may be used for Rule 2202 emission reduction target (ERT) compliance, in which case they will no longer be available for the RECLAIM program.~~
 - ~~d. RTCs shall remain in the RECLAIM certificate account not available for Rule 2022 use, except for those that qualify under 1.a. in the previous section.~~

~~Employers using emission reductions obtained from other emission credit programs may result in different relative emission reductions of VOC, NO_x and CO from what's required. Employers that implement an emission reduction program and end up with have surplus emission reductions with respect to some of the pollutants can use them towards their future ERT or trade or sell them to other employers in accordance with subdivision (h) of Rule 2202. Alternatively, employers that have a shortfall in meeting their ERTs may obtain surplus emission reduction credits from other employers or other credit providers.~~

~~MSERCs, STERCs, or ASCs generated pursuant to paragraph (f)(1), (f)(2), or (f)(3) may be held in an undesignated account. This account is strictly for tracking emission reductions until such time they are transferred into the Rule 2202 program. Once eligible emission reduction credits have been designated for a specific program or for use in transferred into the Rule 2202 program, the credits may be placed into a Rule 2202 program broker account or an employer's emission bank. Emission credits that have been transferred into the Rule 2202 program cannot be transferred out of or removed from the designated this program in accordance with subdivision (h) of Rule 2202.~~

G.H. Inter-Pollutant Crediting
(R2202, paragraph (h)(6))

Any employer or the AQIP may apply VOC or NO_x emission-~~reduction~~ credits in lieu of all or part of a worksite's CO emission reduction target. VOC or NO_x emission-~~reduction~~ credits that could be used may come from various sources such as ASCs, STERCs, ERCs in the Rule 2202 program, MSERCs, or credits generated pursuant to paragraphs ~~(f)(4), (f)(5), or (f)(6)~~ of the rule. Inter-pollutant crediting is to be used only by employers to facilitate meeting the worksite's CO emission reduction target. Inter-pollutant crediting shall only be used for compliance with an approved employer's Rule 2202 registration. Inter-pollutant crediting shall not be used to increase or build a CO emission bank. The inter-pollutant crediting ratios are:

1 pound VOC = 10 pounds CO
1 pound NO_x = 6 pounds CO

For example: An employer calculated their worksite CO emission reduction target to be 100 pounds. Instead of generating or purchasing CO emission credits, the employer may implement inter-pollutant crediting by dividing the CO target by VOC ratio value of 10. Thus, 10 pounds of VOC could be used in lieu of the worksite's 100 pound CO emission reduction target. Alternatively, an employer may chose to apply NO_x credits. Dividing 100 lbs of CO by 6 will result in 17 pounds of NO_x that may be used in lieu of the worksite's CO emission target. Note that calculation results are to be rounded to the nearest whole pound. Employers are not limited to using only VOC or NO_x and may use any combination of the two pollutants to meet the calculated emission reduction target.

H.I. Emission Reduction Requirements

Any proposed emission reduction strategy should contain an emissions or trip quantification methodology which follows applicable SCAQMD, CARB, or EPA policies and methodologies. Any proposed program may be submitted in combination with other programs, including, but not limited to, old vehicle scrapping or work-related trip reduction programs. SCAQMD will evaluate programs to assure that they produce emissions or trip reductions that are real, surplus, quantifiable, and enforceable.

1. Real Reductions

"Real" reductions are those that result in actual emission reductions and do not occur as a result of accounting practices, or "paper reductions." The key test in determining whether a strategy will result in real reductions is in establishing a proper emissions or trip baseline level. If, for example, facility XYZ has reduced emissions in excess of those required by the ERT, no "real" reductions will result from the establishment of ERT as a performance standard. Therefore, all quantification methodologies will be required to establish a standardized baseline condition, or use a default condition established by the Executive Officer, from which to calculate real emissions or trip reductions.

2. Surplus Reductions

"Surplus" reductions occur when an action is taken beyond existing regional, state, and federal requirements. Obtaining surplus emission reductions means the benefit of a control strategy is not "double counted." In many cases, the proposed strategy requirements overlap completely with another rule, regulation, statute, or legislation. However, by revising the strategy to become more stringent, the action would become partially creditable, or surplus. To meet this surplus criterion, all quantification methodologies will be required to include a mechanism for subtracting any regulatory overlaps with the standardized baselines established to meet the "real" criterion described earlier.

3. Quantifiable Reductions

Although transportation control measures (TCM) involve some degree of variance and uncertainty, creditable actions can be quantified through use of assumptions that are based either on case studies or on transportation supply and demand theories. Each assumption that is used to assign effectiveness or efficiency should be matched with either a case study, or on some measurable parameter. Basic "intuition," especially for indirect actions such as general education, "goodwill," or other "good faith efforts," is not sufficient. Quantifiability is the main criterion used to determine the extent of any credit discounting. Those actions which are more easily quantified, with strong assumptions, would have limited discounting applied, while the more "intuitive" actions would need to be discounted to a much greater extent.

4. Enforceable

In addition, each proposed program should include a recordkeeping mechanism for compliance verification, as outlined in Chapter IV. The enforceability component requires that all records, sufficient to demonstrate compliance, be maintained by participating companies and be made available to the SCAQMD upon request.

III. TRIP REDUCTION STRATEGIES

(R2202, subdivision (g))

Rule 2202 offers employers the opportunity to obtain VTECs from the implementation of the following optional trip reduction strategies. These VTECs, obtained through peak-commute trip reductions, other work-related trip reduction, VMT offsets or off-peak commute trip reductions, can be applied towards meeting an employer's ERT.

A. Peak Commute Trip Reductions

Rule 2202 provides the option to obtain credit for reducing employee commute trips. Specifically, employers can reduce trips to work that occur for the purpose of reporting to work during the morning peak congestion period (or "Peak Window") by creating incentives for ridesharing and other alternative transportation modes. VTECs shall be calculated using the formula in Figure III-1.

$$\text{VTEC} = \left[\frac{\text{Creditable Commute}}{\text{Vehicle Reductions (CCVR)}} \right] \times \left[\frac{\text{Emission Factor (EF)}}{\text{lbs/year}} \right]$$

Where:

CCVR = The daily average of total commute vehicle reductions that are real, enforceable, surplus, and quantifiable.

EF = Annual Emission Factor (Table V-4 lbs/year/daily commute vehicle)

Figure III-1. Vehicle Trip Emission Credit Generation for Work-Related Trip Reduction Programs

In calculating VTEC, employers may utilize data obtained by an alternative methodology approved in writing by the Executive Officer or designee.

B. Other Work-Related Trip Reductions

Employers may receive additional VTECs from employee commute reductions from peak and non-peak commutes or from non-commute vehicle usage. VTECs from Other Work-Related Trip Reductions can be calculated using the formula in Figure III-2. The conversion factor is used to convert vehicle trip reductions to commute vehicles reductions and accounts for the return trip home, and includes an additional adjustment to account for other vehicle usage reduction during and outside the peak window.

Other sources of VTEC may also be calculated, on a voluntary basis, from non-regulated worksites, non-employee such as independent contractors, or employees of other entities at the worksite that participate in the employer's trip reduction program. Additional VTEC may also be determined from reduced staffing that would reduce commute trips not as a result of any rideshare program. Reduced staffing may occur from events such as school recesses/breaks, inventory, or temporary facility closures.

The use of VTEC is subject to approval by the Executive Officer.

$$\text{VTEC} = \left[\frac{\text{Creditable Trip Reductions (CTR)}}{\text{CF}} \right] \times \left[\frac{\text{Emission Factor (EF)}}{\text{lbs/year}} \right]$$

Where:

CTR = The daily average of total one-way trip reductions that are real, enforceable, surplus, and quantifiable. A round trip is considered to be two one-way trips.

CF = 2.0 for A.M. Peak Window
2.3 for Other Trips

EF = Annual Emission Factor (Table V-4—lbs/year/daily commute vehicle)

Figure III-2. Vehicle Trip Emissions Credit Generation for Peak-Commute and Other Work Related Trip Reduction Programs

C. Vehicle Miles Traveled (VMT) Programs

Employers may elect to implement VMT reduction programs and receive VTECs toward their ERT. Reduction of annual employee commute VMT that may result from employment center relocation, video-conference centers, telecommuting centers or other alternative programs approved by the Executive Officer or designee. The Executive Officer shall not approve any VTEC program for VMT reduction unless it includes baseline VMT estimates and demonstrates that VMT reductions result in real, enforceable, quantifiable, and surplus emission reductions.

D. Parking Cash-Out Program

Employers may elect to implement a Parking Cash-Out Program to reduce employee commutes and receive VTEC toward meeting their ERT. Parking Cash-Out is a program where an employer offers to provide a cash allowance to an employee equivalent to the parking subsidy that the employer would otherwise pay to provide the employee with a parking space. VTEC calculation formula for this program is the same as the one used for Other Work-Related Trip Reductions.

E. Employee Commute Reduction Programs

Details of this exemption are provided elsewhere in a companion guidance document titled “Employee Commute Reduction Program Guidelines.”

IV. PROGRAM ADMINISTRATION

A. Registration

Employers participating in the Rule 2202 On-Road Motor Vehicle Mitigation Options emissions reduction program are required to notify the SCAQMD which option or options are selected through registration. Employer registration serves the purpose of both notifying the SCAQMD of the intent to implement options provided in the program, and also serves to identify the goals of the chosen options, including any demonstrations required. Registration shall be renewed annually.

Employers with 250 or more employees upon becoming subject to Rule 2202 shall notify the SCAQMD in writing within 30 days. Once the employer has notified the SCAQMD, within 90 days, the employer must submit a Rule 2202 registration with appropriate filing fees.

An employer's registration and the conditions under which it was approved shall remain in effect until the next approval date. Employers will not be held liable for any emission reduction shortfalls incurred due to changes in emission factors or the guidelines during those years in which the factors are updated after the registration is approved or pre-approved. Employers shall have up to 180 days from the date of receipt of their registration pre-approval letter to surrender the required emission ~~reduction~~ credits to meet the worksite emission reduction target. However, the use of this provision does not change the compliance period.

B. Registration Form

Employers must identify which options will be used to attain their ERT. The registration form must include information which identifies the company and the worksites affected by the emissions reduction program, including the number of employees reporting to the worksite during the morning peak congestion period and the total employee count at the worksite.

C. VTEC Calculations

Employers claiming VTECs from the implementation of the optional Vehicle Trip Reduction strategy shall include as a part of their registration all VTEC calculations. All supporting documents shall be maintained on site for three years. Emission factors (i.e., pounds of pollutant per vehicle-year) to be used in the calculations are provided in this document.

D. Air Quality Investment Program

SCAQMD's Executive Officer will determine the amount of emission reductions for air quality investment programs when proposals are submitted for approval. Individual employers seeking this safe harbor alternative are not responsible for demonstrating

emissions reduction equivalency; they are only responsible for keeping records of employment, and of "in-lieu fee" submittal.

E. Recordkeeping

The enforceability component of the On-Road Motor Vehicle Mitigation Options program requires that all records, sufficient to demonstrate compliance, be maintained by participating companies for a period of no less than three years and made available to the SCAQMD upon request in order to determine compliance. Specifically, participating companies should maintain, at a minimum, a copy of the following records at all worksites:

- Registration form,
- VTEC data and calculations, and
- List of program strategies or elements used for implementation.

F. Compliance

Compliance with an alternative emission reduction program will be determined through an employer review process conducted by the SCAQMD. Compliance requirements for the "Employee Commute Reduction Program" exemption are included in the ECRP Guidelines.

Examples of violations of Rule 2202 would include: failure to maintain records; fabrication of records; or failure to obtain the amount of VTECs or emissions reductions identified as part of the company's registration submittal. In addition, failure to submit air quality investment "in-lieu" fees would be constituted as a violation of Rule 2202 for employers selecting this option.

G. Special Procedures

1. Extensions

Any employer may request an extension to the registration due date under the following circumstances:

- If an employer needs more time to submit a registration to meet the requirements of Rule 2202, additional time may be requested from the SCAQMD. The request must be in writing, state the reason for the extension request, the length of time needed, and include the appropriate filing fee.
- All extension requests and fees must be received by the SCAQMD, no later than 15 calendar days prior to the program due date;
- Requests are considered on a case-by-case basis and are granted for reasons that are beyond the control of the employer;
- An employer may request an extension to the registration due date after the registration has been disapproved for the first time. The request must be received

within 15 days of the receipt of the registration disapproval. The SCAQMD will inform the employer in writing within 15 calendar days of receipt of request, whether the extension has been granted;

- An employer may, upon receipt of a written objection to the terms of the proposed registration by an employee, employee representative or employee organization; request a single extension of 30 days. A copy of the written objection should be attached to the request. One such request shall be granted by the SCAQMD; no subsequent extension may be granted for this purpose; and
- Any change in the permanent due date that results in additional time to submit a registration will be considered an extension of time and shall be subject to an extension filing fee.

2. Change of Ownership

In the case of ownership mergers, or change of ownership, the new owner must notify SCAQMD of this change within 30 days of the new ownership. The new owner must comply with all provisions of Rule 2202 and Guidelines within 90 days of the change of ownership. The new owner(s) may choose to submit a letter, instead of a new registration, which states they will continue to implement the registration or program last approved by the SCAQMD.

3. Relocation

Any employer relocating to a new worksite must notify the SCAQMD within 30 days of the relocation. Relocations fall into two categories and are explained below:

- Employers relocating within two miles of the previous worksite address may elect to continue to implement the most recently approved registration. Or, the company may elect to submit a new registration or program. The employer must inform SCAQMD of the preference in the notification of relocation letter.
- Employers relocating more than two miles from the previous worksite are required to submit a new registration. The employer must submit the new registration or program within 90 days of the relocation.

4. Registration Disapproval Appeals

The SCAQMD has 90 days to review the resubmitted registration. If the employer believes that the program meets the requirements of Rule 2202 and the Guidelines, and that the registration was improperly disapproved, the employer may appeal the disapproval to the SCAQMD Hearing Board. A petition for appeal of disapproval must be made within 30 calendar days after the employer receives the notice of disapproval.

5. Delay Registration Review Requests

If an employer, employee, employee representative or employee organization requests a delay in action of registration review, the request must be in writing to the SCAQMD

within 10 days of registration submittal and cannot delay the period of time to exceed the 90th day after submittal.

6. *Police, Sheriff, and Federal Field Agents*

Police, Sheriff, and Federal Field Agents shall be included in the employee count for rule applicability but are not required to be included in the number of employees in the peak window and may be excluded from ridership surveys. Surveying only part of this group is not acceptable.

Federal Field Agents are employees who are employed by any federal agency whose main responsibility is national security and performs field enforcement and/or investigative functions. Examples of Federal Field Agents include, but are not limited to, field employees of Federal Bureau of Investigation (FBI), Customs and Border Protection or US Coast Guard.

7. *Change of Status*

An employer who has submitted an ERS and becomes exempt from the rule requirements during the compliance year after having received a provisional compliance letter may seek to have the worksite ERT prorated based on the actual operating days for the compliance year, prior to surrendering the required emission credits.

1. Employers seeking to prorate the worksite ERT must submit a plan amendment pursuant to Rule 2202 (i)(4) prior to the surrender of any emission credits.
2. The plan amendment for a prorated ERT must be submitted at least 15 calendar days prior to the credit submittal deadline of 180 days as stated in the provisional approval of the worksite's compliance plan.
3. Plan amendments for a prorated ERT may be submitted after the 15 calendar day period and prior to the 180 day deadline only if the plan amendment is accompanied by a request to extend the 180 day deadline.
4. The worksite ERT proration shall be based on the number of operating days divided by 260 days per year.
5. Employers who have submitted the required emission credits are not eligible to prorate the worksite ERT and will not have any emission credits returned that have been surrendered.

H. ~~Emission Factors Updates~~

~~The emission factors found in Tables V 1, V 2, V 3, and V 4 will be revised upon EPA's final approval for use of the California Air Resources Board (CARB) approved on road mobile source emission factor (EMFAC) model in accordance with subdivision (n) of the Rule.~~

I.H. Emission Credit Transfers

~~RTCs that have been transferred into the RECLAIM program or e~~Emission credits ~~designated for use~~ transferred into the Rule 2202 program shall not be transferred out of these ~~designated~~ programs unless otherwise specified in section II.C.2. of these guidelines. Transfer of emission credits into the program shall be subject to the applicable Regulation III transfer fee. This fee is not required if the buyer/transferee is a Rule 2202 regulated worksite and the emission credits are intended to be used for Rule 2202 compliance within the credit submittal cycle. The credit submittal cycle is within the 180 days from the date of receipt of a registration pre-approval letter for which employers must surrender the required emission credits.

Transfers outside of the credit submittal cycle of the buyer/transferee, between employers, non-Rule 2202 SCAQMD emission credit accounts, or ~~undesigned~~ Rule 2202 broker accounts shall be subject to a transfer fee. One transaction request shall count as one transfer for fee purposes. The transfer fee is intended to cover administrative costs in processing the request and to ensure the account balance is properly tracked. No additional cost is assessed when credits are transferred during the credit submittal cycle, because the annual registration fee has already accounted for such activities.

V. EMISSION FACTORS

(R2202, subdivisions (e), (g) and (n))

Emission Reduction Target (ERT) is the annual VOC, NO_x, and CO emissions required to be reduced by each worksite based on the number of employees reporting to work during the peak window and the appropriate Performance Zone in accordance with Rule 2202. The ERT for each pollutant, for each worksite may be calculated by using the following appropriate emission factors based on CARB approved on-road mobile source emission factors (EMFAC) 2002 emission inventory model, version 2.2, April 23, 2003.

The emission factors will be revised upon EPA's final approval for use of the California Air Resources Board (CARB) approved EMFAC model in accordance with subdivision (m) of the Rule. The Executive Office or designee will publish, on the SCAQMD web site, the updated emission factors within 30 days of EPA approval.

A. Employee Emission Reduction Factors

Table V 1: Performance Zone 1
(pounds per year per employee)

Emission Year	VOC	NO _x	CO
2004	4.55	4.97	47.89
2005	4.10	4.41	43.28
2006	3.72	4.03	39.91
2007	3.39	3.60	36.05
2008	3.09	3.27	32.98
2009	2.82	2.97	30.24
2010	2.56	2.68	27.50

Table V 2: Performance Zone 2
(pounds per year per employee)

Emission Year	VOC	NO _x	CO
2004	3.54	3.86	37.25
2005	3.19	3.43	33.67
2006	2.89	3.13	31.04
2007	2.64	2.80	28.04
2008	2.40	2.54	25.65
2009	2.20	2.31	23.52
2010	1.99	2.08	21.39

~~Table V-3: Performance Zone-3~~
~~(pounds per year per employee)~~

Emission Year	VOC	NO_x	CO
2004	2.45	2.67	25.79
2005	2.21	2.37	23.31
2006	2.00	2.17	21.49
2007	1.83	1.94	19.41
2008	1.66	1.76	17.76
2009	1.52	1.60	16.28
2010	1.38	1.44	14.81

The emission factors shown in Tables V-1, V-2 and V-3 may be modified to site specific emission factors reflecting vehicle age and trip length characteristics of the employee vehicle fleet.

~~B. Annual Emission Factors~~

~~Table V-4: Annual Emission Factors~~
~~(lbs per year per daily commute vehicle).~~

Emission Year	VOC	NO_x	CO
2004	10.62	11.59	111.75
2005	9.56	10.28	101.0
2006	8.68	9.40	93.12
2007	7.91	8.40	84.11
2008	7.21	7.62	76.95
2009	6.59	6.94	70.56
2010	5.97	6.25	64.16

In calculating VTECs for Commute Trip Reductions, employers may also utilize data obtained by one of the following methods:

- Default data based on the weighted average of the average vehicle ridership survey data of the previous three years;
- Data obtained by conducting an average vehicle ridership survey in accordance with Rule 2202 - Employee Commute Reduction Program Guidelines;
- Data based on the default average vehicle ridership of 1.10; or

- (d) Data obtained by an alternative methodology, which may include documentation of the CCVR claimed, approved by the Executive Officer or designee.

VI. GLOSSARY

1. ANNUAL REGISTRATION means an annual form submitted by an employer to the SCAQMD per paragraph (j)(1) of the Rule.
2. AREA SOURCE CREDITS (ASCs) are emission—~~reduction~~ credits, issued pursuant to Regulation XXV - Intercredit Trading.
3. AVR DATA COLLECTION METHOD is a method for gathering employee commute mode data needed to calculate an employer's average vehicle ridership.
- ~~3.4.~~4. BROKER ACCOUNT is an account held by the SCAQMD, opened by any person or other entity within the Rule 2202 program that may be used to bank emission credits from emission reduction strategies as described in section II. *Emission Reduction Strategies*, prior to transfer or assignment for use in satisfying an employer's Emission Reduction Target.
- ~~4.5.~~5. COMPRESSED WORK WEEK (CWW) applies to employees who as an alternative to completing basic work requirement in five eight-hour workdays in one week, or 10 eight-hour workdays in two weeks, are scheduled in a manner which reduces vehicle trips to the worksite. The recognized compressed work week schedules for this Rule are, but not limited to, 36 hours in three days (3/36), 40 hours in four days (4/40), or 80 hours in nine days (9/80).
- ~~5.6.~~6. DISABLED EMPLOYEE means an individual with a physical impairment which prevents the employee from traveling to the worksite by means other than a single-occupant vehicle.
- ~~6.7.~~7. EMISSION REDUCTION CREDITS (ERCs) are ~~short term emission reduction credits, issued pursuant to Regulation XIII - New Source Review credits as defined in subdivision (l) of Rule 1302 - Definitions and includes the permanent credit issued under Rule 1309(f)(1).~~
- ~~7.8.~~8. EMPLOYEE COMMUTE REDUCTION PROGRAM means an annual program under the Employee Commute Reduction Program option, submitted to the SCAQMD, in accordance with the companion guidelines.
- ~~8.9.~~9. EMPLOYEE is any person employed by a person(s), firm, business, educational institution, non-profit agency, or corporation, government or other entity. The term excludes seasonal employees; temporary employees; volunteers; field personnel; field construction workers; and independent contractors.
- ~~9.10.~~10. FEDERAL FIELD AGENT means any employee who is employed by any federal entity whose main responsibility is National Security and performs field enforcement and/or investigative functions. This does not include employees in non-field or non-investigative functions.
- ~~10.11.~~11. FIELD CONSTRUCTION WORKER means an employee who reports directly to work at a construction site.
- ~~11.12.~~12. FIELD PERSONNEL means employees who spend 20% or less of their work time, per week, at the worksite and who do not report to the worksite during the peak period for pick-up and dispatch of an employer-provided vehicle.

- ~~12.~~13. **HOLIDAYS** are those days designated as National and State Holidays that shall not be included in the survey period.
- ~~13.~~14. **INDEPENDENT CONTRACTOR** means an individual who enters into a direct written contract or agreement with an employer to perform certain services and is not on the employer's payroll.
- ~~14.~~15. **INTER-POLLUTANT CREDITING** means the use of emission reduction credits of one type of pollutant that may be used in lieu of another type of pollutant.
- ~~15.~~16. **LOW-INCOME EMPLOYEE** means an individual whose salary is equal to, or less than, the current individual income level set in the California Code of Regulations, Title 25, Section 6932, as lower income for the county in which the employer is based. Higher income employees may be considered to be "low-income" if the employees demonstrate that the program strategy would create a substantial economic burden.
- ~~16.~~17. **MOBILE SOURCE EMISSION REDUCTION CREDITS (MSERCs)** are emission reduction credits issued pursuant to Regulation XVI - Mobile Source Offset Programs.
- ~~17.~~18. **PART-TIME EMPLOYEE** means any employee who reports to a worksite on a part-time basis fewer than 32 hours per week, but more than four hours per week. These employees shall be included in the employee count for purposes of Rule applicability; and for emission reduction calculations of the employer provided the employees report to the worksite during the Peak Commute Window.
- ~~18.~~19. **PEAK COMMUTE WINDOW** is the period of time, Monday through Friday between the hours of 6:00 a.m. and 10:00 a.m.
- ~~19.~~20. **PERFORMANCE ZONE** for each worksite is determined by its geographic location within the geographic boundaries as described in Attachment I of Rule 2202.
- ~~20.~~21. **POLICE/SHERIFF** means any employee who is certified as a law enforcement officer and is employed by any state, county or city entity. Such employees are only police officers and sheriffs who perform field enforcement and/or any investigative functions. This would not include employees in non-field or non-investigative functions.
- ~~21.~~22. **SEASONAL EMPLOYEE** means a person who is employed for less than a continuous 90-day period or an agricultural employee who is employed for up to a continuous 16-week period.
- ~~22.~~23. **SHORT TERM EMISSION REDUCTION CREDITS (STERCs)** are ~~short term emission reduction credits, issued pursuant to Regulation XIII - New Source Review~~ credits as defined in subdivision (am) of Rule 1302 - Definitions.
- ~~23.~~24. **STUDENT WORKERS** are students who are enrolled and gainfully employed (on the payroll) by an educational institution. Student workers who work more

than four hours per week are counted for Rule applicability and if they report to work during the 6:00 a.m. - 10:00 a.m. window are counted for emission reduction calculations.

~~24.~~25. TELECOMMUTING means working at home, off-site, or at a telecommuting center, for a full workday that eliminates the trip to work or reduces travel distance by more than 50%.

~~25.~~26. TEMPORARY EMPLOYEE means any person employed by an employment service or agency that reports to a worksite other than the employment agency's worksite, under a contractual arrangement with a temporary employer. Temporary employees are only counted as employees of the temporary agency for purposes of Rule applicability.

~~26.~~27. TRANSPORTATION MANAGEMENT ASSOCIATION OR TRANSPORTATION MANAGEMENT ORGANIZATION (TMA/TMO) means a private/non-profit association that has a financial dues structure joined together in a legal agreement for the purpose of achieving mobility and air quality goals and objectives within a designated area.

~~27.~~28. VOLUNTEER means any person(s) at a worksite who, of their own free will, provides goods or services, without any financial gain.

~~28.~~29. WORKSITE EMPLOYEE THRESHOLD means 250 employees employed at a single worksite for the prior consecutive six-month period calculated as a monthly average and 33 or more employees scheduled to report to work during the Peak Commute Window any one day during the prior consecutive 90 days.

ATTACHMENT H

(Adopted Feb. 4, 1977)(Amended May 27, 1977)(Amended Jan. 6, 1978)(Amended June 16, 1978)
(Amended April 4, 1980)(Amended Sept. 5, 1980)(Amended June 5, 1981)(Amended July 9, 1982)
(Amended Dec. 3, 1982)(Amended June 3, 1983)(Amended May 4, 1984)(Amended July 6, 1984)
(Amended Nov. 2, 1984)(Amended Dec. 6, 1985)(Amended May 1, 1987)(Amended June 3, 1988)
(Amended December 2, 1988)(Amended January 6, 1989)(Amended June 2, 1989)
(Amended June 1, 1990) (Amended June 7, 1991)(Amended December 6, 1991)
(Amended June 5, 1992) (Amended July 10, 1992)(Amended June 11, 1993)
(Amended October 8, 1993)(Amended June 10, 1994)(Amended May 12, 1995)
(Amended October 13, 1995)(Amended May 10, 1996)(Amended May 9, 1997)
(Amended May 8, 1998)(Amended June 12, 1998)(Amended May 14, 1999)
(Amended May 19, 2000)(Amended May 11, 2001)(Amended May 3, 2002)
(Amended June 6, 2003)(Amended July 9, 2004)(Amended June 3, 2005)(Amended June 9, 2006)
(Amended May 4, 2007)(Amended May 2, 2008)(Amended June 5, 2009)(Amended May 7, 2010)
(Amended May 6, 2011) (Updated July 1, 2012)
(Updated July 1, 2013)
(PAR June 6, 2014)

PROPOSED AMENDED RULE 301. PERMITTING AND ASSOCIATED FEES

(a) Applicability

California Health and Safety Code Section 40510 provides authority for the South Coast Air Quality Management District to adopt a fee schedule for the issuance of permits to cover the cost of evaluation, planning, inspection, and monitoring related to that activity. This rule establishes such a fee schedule and requires that fees be paid for:

- (1) Permit processing for Facility Permits [see subdivisions (k), (l) and (m)], Facility Registrations [see subdivision (r)], and Permits to Construct and/or Permits to Operate equipment (submitted pursuant to Regulation II) that may cause air pollution or equipment intended to control air pollution [see subdivision (c)].
- (2) Processing of applications for banking emission reduction credits; change of title of emissions reduction credits; alteration/modification of emission reduction credits; retirement of short term emission reduction credits for transfer into Rule 2202; and the transfer of ERCs out of Rule 2202 pursuant to Rule 2202 (h)(4); or conversion of emissions reduction credits, mobile source credits, or area source credits to short term emission reduction credits, pursuant to Regulation XIII [see paragraphs (c)(4) and (c)(5)].
- (3) Annual operating permit renewal fee [see subdivision (d)].
- (4) Annual operating permit emissions fee [see subdivision (e)] or Regional Clean Air Incentives Market (RECLAIM) Trading Credits (RTCs) [see

subdivision (k)].

- (5) Duplicate and reissued permits [see subdivision (f)].
- (6) Reinstating expired applications or permits [see subdivision (g)].
- (7) Reinstating revoked permits [see subdivision (h)].
- (8) RECLAIM Transaction Registration Fee [see subdivision (k)].
- (9) Non-Tradeable Allocation Credit Mitigation Fee [see subdivision (k)].
- (10) Environmental Impact Analysis, Air Quality Analysis, Health Risk Assessment, Public Notification on Significant Projects and Emission Reduction Credits (pursuant to Regulation XIII - New Source Review) [see paragraph (c)(4) and subdivision (i) of this rule].
- (11) Asbestos demolition and renovation activities [see subdivision (n)].
- (12) Lead abatement activities [see subdivision (o)].
- (13) Evaluation of permit applications submitted for compliance under a National Emission Standard for Hazardous Air Pollutants (NESHAP) [see subdivision (p)].
- (14) Certification of Clean Air Solvents [see subdivision (q)].

(b) Definitions

For the purpose of this rule, the following definitions shall apply:

- (1) ALTERATION or MODIFICATION means any physical change, change in method of operation of, or addition to, existing equipment requiring an application for Permit to Construct pursuant to Rule 201. Routine maintenance and/or repair shall not be considered a physical change. A change in the method of operation of equipment, unless previously limited by an enforceable permit condition, shall not include:
 - (A) An increase in the production rate, unless such increase will cause the maximum design capacity of the equipment to be exceeded; or
 - (B) An increase in the hours of operation.
- (2) ALTERNATIVE OPERATING CONDITION is an order established by the Hearing Board pursuant to subdivision (e) of this rule which, if recognized by the United States Environmental Protection Agency, authorizes a source to be operated in a specified manner that would otherwise not comply with an applicable requirement of the State Implementation Plan or a permit term or condition based on any such applicable requirement.

- (3) BANKING means the process of recognizing and certifying emission reductions and registering transactions involving emission reduction credits.
- (4) CANCELLATION is an administrative action taken by the District which nullifies or voids a previously pending application for a permit.
- (5) CERTIFIED EQUIPMENT PERMIT means a permit issued to a manufacturer or distributor for a specific model or series of models of equipment. By this permit, the District certifies that the equipment meets all District rules and Best Available Control Technology (BACT) requirements under a set of conditions. Eligibility for the certification process shall be limited to equipment for which the following conditions exist, as determined by the Executive Officer:
 - (A) Equipment operation and emission characteristics will be applicable to a number of identical pieces of equipment;
 - (B) Permitting can be accomplished through the use of identical permit conditions for each piece of equipment regardless of use or location;
 - (C) The equipment is exempt from emission offsets as defined in Rule 1304(a)(4) or Rule 1304(a)(5); or the emissions of each criteria pollutant, except lead, are determined to be less than the limits listed in Rule 1303, Appendix A, Table A-1; and
 - (D) The equipment does not emit lead or the toxic emissions do not result in a Maximum Individual Cancer Risk (MICR) equal to or greater than one in a million as calculated according to Rule 1401.

Certified Equipment Permit shall be valid for one year, and shall be renewed annually if the Executive Officer determines the equipment meets all District rules and BACT requirements. Certification shall not relieve the person constructing, installing or operating the equipment from the requirement to obtain all necessary permits to construct and permits to operate, or from compliance with any other District rule including the requirements of Regulation XIII.

- (6) CHANGE OF CONDITION means a change of a current permit condition that will not result in an emission increase. Any request for a Change in Condition to a previously enforceable permit condition that will result in a emission increase subject to the New Source Review

Rules in Regulation XIII, XIV, or XX will be considered a change in the method of operation and processed as an Alteration or Modification.

- (7) CLEAN AIR SOLVENT is as defined in Rule 102 as “Clean Air Solvent”.
- (8) CLEAN AIR SOLVENT CERTIFICATE is as defined in Rule 102 as “Clean Air Solvent Certificate”.
- (9) CONFINED ANIMAL FACILITY (CAF) means a source or group of sources of air pollution at an agricultural source for the raising of 3,360 or more fowl or 50 or more animals, including but not limited to, any structure, building, installation, farm, corral, coop, feed storage area, milking parlor, or system for the collection, storage, or distribution of solid and liquid manure; if domesticated animals, including but not limited to, cattle, calves, horses, sheep, goats, swine, rabbits, chickens, turkeys, or ducks corralled, penned, or otherwise caused to remain in restricted areas for commercial agricultural purposes and feeding is by means other than grazing.
- (10) CONTINUOUS EMISSIONS MONITORING SYSTEM (CEMS) is a system comprised of components that continuously measure all parameters necessary to determine pollutant concentration or pollutant mass emissions, pursuant to a District rule or regulation.
 - (A) For the purpose of this rule, a CEMS includes, but is not limited to, the following analyzers, monitors, components, systems, or equipment:
 - (i) Pollutant concentration analyzer(s) (e.g., NO_x, SO_x, CO, Total Sulfur) and associated sample collection, transport, and conditioning equipment, and data acquisition and logging systems,
 - (ii) Diluent gas analyzer (O₂ or CO₂),
 - (iii) Flow monitor (direct in-stack measurement or indirectly calculated from fuel usage or other process parameters approved by the Executive Officer), and
 - (iv) Other equipment (e.g., moisture monitor) as required to comply with monitoring requirements.
 - (B) For the purpose of this rule, a “time-shared CEMS” means a CEMS as described in subparagraph (7)(A) which is common to

several sources of emissions at the same facility.

- (C) For the purpose of this rule, a “Fuel Sulfur Monitoring System” or “FSMS” may be used as an alternative to a CEMS SO_x monitoring requirement, subject to District Rules and Regulations, and the approval of the Executive Officer. An FSMS is a total sulfur monitoring system configured similar to the CEMS described in subparagraph (7)(A) but, as an alternative to directly monitoring SO_x emissions at sources required to have SO_x CEMS (at the same facility), SO_x emission information at each affected source is determined “indirectly” by monitoring the sulfur content of the fuel gas supply firing the affected sources.
 - (D) For the purpose of this rule, an “Alternative Continuous Emissions Monitoring System” or “ACEMS” (also known as a “Predictive or Parametric Emissions Monitoring System” or “PEMS”) may be used as an alternative to a CEMS pollutant monitoring requirement, subject to District Rules and Regulations, and the approval of the Executive Officer. Instead of directly monitoring the pollutant emissions at a source required to have a CEMS as in subparagraph (7)(A), emission information is “predicted” by the ACEMS or PEMS by monitoring key equipment operating parameters (e.g., temperature, pressure) at the affected source, irrespective of exhaust gas or fuel supply analysis.
- (11) EMISSION FACTOR means the amount of air contaminant emitted per unit of time or per unit of material handled, processed, produced, or burned.
 - (12) EMISSION REDUCTION CREDIT (ERC) means the amount of emissions reduction which is verified and determined by the Executive Officer to be eligible for credit in an emissions reduction bank.
 - (13) EMISSION SOURCE is any equipment or process subject to Rule 222. The source does not require a permit, but the owner/operator is required to file information pursuant to Rule 222 and Rule 301(t).
 - (14) EQUIPMENT means any article, machine, or other contrivance, or combination thereof, which may cause the issuance or control the issuance of air contaminants, and which:

- (A) Requires a permit pursuant to Rules 201 and/or 203; or
- (B) Is in operation pursuant to the provisions of Rule 219
- (15) EXPIRATION means the end of the period of validity for an application, Permit to Operate, or a temporary Permit to Operate.
- (16) FACILITY means any source, equipment, or grouping of equipment or sources, or other air contaminant-emitting activities which are located on one or more contiguous properties within the District, in actual physical contact or separated solely by a public roadway or other public right-of-way, and are owned or operated by the same person (or persons under common control) or an outer continental shelf (OCS) source as defined in 40 CFR § 55.2. Such above-described groupings, if on noncontiguous properties but connected only by land carrying a pipeline, shall not be considered one facility. Equipment or installations involved in crude oil and gas production in Southern California coastal or OCS waters, and transport of such crude oil and gas in Southern California coastal or OCS waters, shall be included in the same facility which is under the same ownership or use entitlement as the crude oil and gas facility on-shore.
- (17) FACILITY PERMIT is a permit which consolidates existing equipment permits and all new equipment at a facility, into one permit. A facility permit may be issued pursuant to Regulation XX and/or XXX.
- (18) FACILITY REGISTRATION is a permit which consolidates existing equipment permits and all new equipment at a facility into one permit. A Facility Registration may be issued at District discretion to any facility not subject to Regulation XX or XXX.
- (19) GREENHOUSE GAS or “GHG” means carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride (SF₆), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs).
- (20) IDENTICAL EQUIPMENT means any equipment which is to be operated by the same operator, and have the same equipment address, and have the same operating conditions and processing material to the extent that a single permit evaluation would be required for the set of equipment. Portable equipment, while not operating at the same location, may qualify as identical equipment.
- (21) NON-ROAD ENGINE is a portable engine that requires a permit and is

- certified by the Executive Officer to be a Non-Road Engine regulated by U.S. EPA pursuant to 40 CFR Part 89.
- (22) PREMISES means one parcel of land or contiguous parcels of land under the same ownership or entitlement to use, not including the parcels which are remotely located and connected only by land carrying a pipeline.
- (23) QUALIFYING PORTABLE ENGINE is a portable engine that requires a permit and is certified by the Executive Officer to meet all the requirements of Non-Road Engine of 40 CFR Part 89 except date of manufacture, and has been demonstrated to meet the emission limitations of 40 CFR Section 89.112-96.
- (24) RECLAIM TRADING CREDITS (RTCs) means the amount of emissions credit available to a facility for use at the facility for transfer or sale to another party. Each RTC has a denomination of one pound of RECLAIM pollutant and a term of one year, and can be issued as part of a facility's Annual Allocation or alternatively in the form of an RTC certificate.
- (25) REGISTRATION PERMIT means a permit to construct or permit to operate issued to an owner/operator of equipment which has previously been issued a Certified Equipment Permit by the District. The owner/operator shall agree to operate under the conditions specified in the Certified Equipment Permit.
- (26) RELOCATION means the removal of an existing source from one parcel of land in the District and installation on another parcel of land where the two parcels are not in actual physical contact and are not separated solely by a public roadway or other public right-of-way.
- (27) REVOCATION is an action taken by the Hearing Board following a petition by the Executive Officer which invalidates a Permit to Construct or a Permit to Operate.
- (28) SMALL BUSINESS is as defined in Rule 102 as "Small Business."
- (29) SPECIFIC ORGANIC GASES are any of the following compounds:
- trifluoromethane (HFC-23)
 - chlorodifluoromethane (HCFC-22)
 - dichlorotrifluoroethane (HCFC-123)
 - tetrafluoroethane (HFC-134a)
 - dichlorofluoroethane (HCFC-141b)

chlorodifluoroethane (HCFC-142b)

1,1,1-trifluoroethane (HFC-143a)

1,1-difluoroethane (HFC-152a)

cyclic, branched, or linear, completely fluorinated alkanes

cyclic, branched, or linear, completely fluorinated ethers with no unsaturations

cyclic, branched, or linear, completely fluorinated tertiary amines with no unsaturations

sulfur-containing perfluorocarbons with no unsaturations and with sulfur bonds only to carbon and fluorine.

- (30) SOURCE means any grouping of equipment or other air contaminant-emitting activities which are located on parcels of land within the District, in actual physical contact or separated solely by a public roadway or other public right-of-way, and are owned or operated by the same person or by persons under common control. Such above-described groupings, if remotely located and connected only by land carrying a pipeline, shall not be considered one stationary source. (Under RECLAIM, a SOURCE is any individual unit, piece of equipment or process which may emit an air contaminant and which is identified, or required to be identified, in the RECLAIM Facility Permit)
- (31) STREAMLINED STANDARD PERMIT means a permit issued for certain types of equipment or processes commonly permitted by SCAQMD with pre-set levels of controls and emissions. The operating conditions and other qualifying criteria are pre-determined by the SCAQMD and provided to the permit applicant in the permit application package for concurrence.
- (32) STATEWIDE EQUIPMENT is equipment with a valid registration certificate issued by CARB for the Statewide Portable Equipment Registration Program.
- (33) TEMPORARY PERMIT TO OPERATE represents interim authorization to operate equipment until the Permit to Operate is granted or denied. A temporary Permit to Operate is not issued by the District but may exist pursuant to Rule 202.

(c) Fees for Permit Processing

- (1) Permit Processing Fee

(A) Permit Processing Fee Applicability

Except as otherwise provided in this rule, every applicant who files an application for a Permit to Construct, Permit to Operate, Facility Permit, court judgments in favor of the District and administrative civil penalties or a revision to a Facility Permit, shall, at the time of filing, pay all delinquent fees associated with the facility and shall pay a permit processing fee.

- (i) Except as otherwise provided in this paragraph, the permit processing fee shall be determined in accordance with the schedules (set forth in the Summary Permit Fee Rates tables at the time the application is deemed complete.
- (ii) A person applying for permits for relocation of equipment shall pay fees in accordance with the schedules set forth in the Summary Permit Fee Rates tables at the time the application is deemed complete. All fees due, within the past 3 years, from the previous facility for equipment for which a Change of Location application is filed, and all facility-specific fees (such as “Hot Spots” fees), must be paid before the Change of Location application is accepted.
- (iii) A person applying for permits for any equipment/process not otherwise listed in Table I shall pay the fees associated with Schedule C. Prior to the issuance of a permit, these fees are subject to adjustment, as necessary.
- (iv) For applications submitted prior to July 1, 1990, the applicant shall pay a permit processing fee as specified in the Summary Permit Fee Rates tables, less any previously paid filing fees not to exceed the amount due. These fees are due and payable within thirty (30) days of receipt of notification.
- (v) In the event a Permit to Construct expires under the provisions of Rule 205, and the applicable rules, regulations, and BACT for that particular piece of equipment have not been amended since the original evaluation was performed, the permit processing fee for a subsequent application for a similar equipment shall be the

fee established in the Summary Permit Fee Rates - Change of Operator table according to the applicable schedule under the Change of Operator category, provided the subsequent application is submitted within one (1) year from the date of expiration of either the Permit to Construct, or an approved extension of the Permit to Construct.

(B) Notice of Amount Due and Effect of Nonpayment

For fees due upon notification, such notice may be given by personal service or by deposit, postpaid, in the United States mail and shall be due thirty (30) days from the date of personal service or mailing. For the purpose of this subparagraph, the fee payment will be considered to be received by the District if it is postmarked by the United States Postal Service on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if it had been postmarked on the expiration date. Nonpayment of the fee within this period of time will result in expiration of the application and voiding of the Permit to Construct or Permit to Operate. No further applications will be accepted from the applicant until such time as overdue permit processing fees have been fully paid. If an application is canceled, a permit processing fee will be charged if evaluation of the application has been initiated.

(C) Payment for Permit Processing of Equipment Already Constructed

In the case of application for a Permit to Operate equipment already constructed, or where a Permit to Construct was granted prior to August 1, 1982, the applicant shall pay the permit processing fee within thirty (30) days of receipt of notification. In the case where a portion of the permit evaluation fee was paid when a Permit to Construct was granted, the amount paid shall be credited to the amount due for permit processing in accordance with the Summary Permit Fee Rates tables, and shall be due

within thirty (30) days of receipt of notification. In both cases, payment shall be as specified in subparagraph (c)(1)(B) of this rule. If, at the time the Permit to Operate is granted or denied, it is determined that any annual operating permit fee as provided in subdivision (d) of this rule had been based on incorrect information, the applicant will be billed for or credited with the difference, as appropriate.

(D) Higher Fee for Failing to Obtain a Permit

- (i) When equipment is operated, built, erected, installed, altered, or replaced (except for replacement with identical equipment) without the owner/operator first obtaining a required Permit to Construct or Permit to Operate, the permit processing fee shall be 150 percent (150%) of the amount set forth in the Summary Permit Fee Rates tables of this rule unless the applicant is a Small Business as defined in this provision and the facility has no prior permit applications, Permit to Construct or Permit to Operate (as evidenced by a facility identification number) with the District in which case the permit processing fee shall be the amount set forth in the Summary Permit Fee Rates tables of this rule. If a facility has been issued a Notice of Violation (NOV), there shall be no waiver of the higher fee. The applicant shall also remit annual operating fees for the source for a full three (3) years, or the actual years of operation if less than three (3) years. The assessment of such fee shall not limit the District's right to pursue any other remedy provided for by law. Fees are due and payable within thirty (30) days of receipt of notification. [See subparagraph (c)(2)(B).] However, the higher fee shall be waived if the application is being submitted for equipment that was previously permitted (issued either a Permit to Construct or a Permit to Operate) but had expired due to non-payment of fees, provided the application is submitted within one (1) year of the expiration date, and that permit is reinstatable under subdivision (g) of this rule.

- (ii) For purposes of assessing a higher fee for failing to obtain a permit only, small business shall be defined as a business which is independently owned and operated and not an affiliate of a non-small business entity and meets the following criteria:
 - (A) If a non-manufacturer, the number of employees is 25 or less and the total gross annual receipts are \$1,000,000 or less; or
 - (B) If a manufacturer, the number of employees is 50 or less and the total gross annual receipts are \$5,000,000 or less, or
 - (C) Is a not-for-profit training center.
- (E) Small Business

When applications are filed in accordance with the provisions of subparagraphs (c)(1)(A), (c)(1)(H)(i), (c)(1)(D) or paragraph (c)(3) for a small business, the fees assessed shall be fifty percent (50%) of the amount set forth in the Summary Permit Fee Rates - Permit Processing, Change of Conditions, Alteration/Modifications table and in the ~~Summary ERC Processing Rates~~ Summary of ERC Processing Rates, Banking, Change of Title, Alteration/Modification and Conversion to Short Term Credits table Summary of ERC Processing Rates, Banking, Change of Title, Alteration/Modification, Conversion to Short Term Credits, Re-Issuance of Short Term Credits, and Retirement of Short Term Credits for Transfer Into Rule 2202, and Transfer of ERCs Out of Rule 2202 table.
- (F) Fees for Permit Processing for Identical Equipment and Processing of Applications for Short Term Emission Reduction Credits

When applications are submitted in accordance with the provisions of subparagraphs (c)(1)(A), (c)(1)(D), (c)(1)(E), (c)(1)(I), paragraphs (c)(3) or (c)(4) concurrently for identical equipment, or for change of title or alteration/modification of short term emission reduction credits, full fees for the first application, and fifty percent (50%) of the applicable processing fee for each additional application shall be assessed. The

provisions of this subparagraph do not apply to Certified Equipment Permits, Registration Permits, and the exceptions mentioned in paragraphs (c)(3)(A), (c)(3)(B), and (c)(3)(C). This subparagraph shall, upon request of the applicant, apply to applications which have been received before July 1, 1996, but not yet been processed or which have not received final determination regarding applicable permit processing fees.

- (G) Discounts for Small Business and Identical Equipment
Applications qualifying with the provisions of both subparagraph (c)(1)(E) and (c)(1)(F) shall only be entitled to one fee discount equivalent to the maximum discount afforded under either subparagraph.
- (H) Fees for Permit Processing for Certified Equipment Permits and Registration Permits
 - (i) Persons applying for a Certified Equipment Permit shall pay a one-time permit processing fee for each application. The fee shall be determined in accordance with the Summary Permit Fee Rates tables of this rule. No annual operating permit renewal fee shall be charged.
 - (ii) A permit processing fee equal to 50% of Schedule A Permit Processing Fee of the Summary Permit Fee Rates table shall be assessed to a person applying for a Change of Operator for a Certified Equipment Permit.
 - (iii) A permit processing fee equal to 50% of Schedule A Permit Processing Fee of the Summary Permit Fee Rates table shall be charged to a person applying for a Registration Permit to Construct and Permit to Operate for certified equipment. Annual operating permit renewal fees shall be paid pursuant to subdivision (d).
 - (iv) When certified equipment is built, erected, installed, or replaced (except for identical replacement) without the owner/operator obtaining a required Rule 201 Permit to Construct, the permit processing fee assessed shall be 150 percent (150%) of the amount set forth in subparagraph (c)(1)(H)(iii) of Rule 301.
- (I) Applications Submitted for Equipment Previously Exempted by

Rule 219

When applications for equipment are submitted within one year after the adoption of the most recent amendment to Rule 219 and are filed in accordance with the provisions of subparagraphs (c)(1)(A), (c)(1)(F), paragraphs (c)(2), or (c)(3) and require a permit, solely due to the most recent amendments to Rule 219, the permit processing fees assessed shall be in accordance with Schedule A.

(J) Standard Streamlined Permits

The Streamlined Standard Permit application processing fee shall be \$725.03, except that the fee shall not exceed the applicable permit processing fee including small business discount if applicable. There shall be no small business discount on the basic fee of \$725.03. Applications submitted for existing equipment which is operating and qualifies for a Streamlined Standard Permit shall be assessed an application processing fee in accordance with the provisions of subparagraph 301(c)(1)(D). Standard Streamlined Permits may be issued for the following equipment or processes: Replacement dry-cleaning equipment and Lithographic printing equipment.

(2) Fee for Change of Operator or Additional Operator

Under Rule 209 (Transfer and Voiding of Permits), a permit granted by the District is not transferable. Every applicant who files an application for a change of operator or additional operator with the same operating conditions of a Permit to Operate shall be subject to a permit processing fee as follows:

- (A) The permit processing fee shall be as established in the Summary Permit Fee Rates - Change of Operator table for equipment at one location so long as the new operator files an application for a Permit to Operate within one (1) year from the last renewal of a valid Permit to Operate and does not change the operation of the affected equipment. All fees billed from the date of application submittal that are associated with the facility for equipment for which a Change of Operator or Additional Operator application is filed, and all facility-specific fees (such as “Hot Spots” fees), must be paid before the Change of Operator or Additional

Operator application is accepted. If after an application is received and SCAQMD determines that fees are due, the new operator shall pay such fees within 30 days of notification. If the fees are paid timely, the operator will not be billed for any additional fees billed to the previous operator.

- (B) If an application for change of operator of a permit is not filed within one (1) year from the last annual renewal of the permit under the previous operator, the new operator shall submit an application for a new Permit to Operate, along with the permit processing fee as prescribed in subparagraph (c)(1)(A). A higher fee, as described in subparagraph (c)(1)(D), shall apply.

(3) **Change of Operating Condition, Alteration/Modification/Addition**

All delinquent fees, and court judgments in favor of the District and administrative civil penalties associated with the facility must be paid before a Change of Operating Condition, Alteration/Modification /Addition application will be accepted. When an application is filed for a permit involving change of operating conditions, and/or a permit involving proposed alterations/modifications or additions resulting in a change to any existing equipment for which a Permit to Construct or a Permit to Operate was granted and has not expired in accordance with these rules, the permit processing fee shall be the amount set forth in the Summary Permit Fee Rates tables. The only exceptions to this fee shall be:

- (A) Permits that must be reissued with conditions prohibiting the use of toxic materials and for which no evaluation is required, no physical modifications of equipment are made, and the use of substitute materials does not increase Volatile Organic Compounds (VOC) by more than 0.5 pound in any one day. When an application is filed for a modification described by this exception, the permit processing fee shall be \$725.03.
- (B) Permits that must be reissued to reflect the permanent removal of a standby fuel supply, or to render equipment non-operational, which:
 - (i) Do not result in a new source review emission adjustment. A reissue permit fee of \$530.89 pursuant to Rule 301(f) shall be charged per equipment/reissued permit; or

- (ii) Result in a new source review emission adjustment. A reissued permit fee of \$1,391.92 per equipment shall be charged.
- (C) Permits reissued for an administrative change in permit description, for splitting a permit into two or more permits based on Equipment/Process listed in Table IA or IB (an application is required for each Equipment/Process) or for a change in permit conditions based on actual operating conditions and which do not require any engineering evaluation and do not cause a change in emissions, shall be charged a fee according to the following schedule:

<u>Equipment Schedule</u>	<u>Re-Issuance Fee for FY 08-09 and thereafter</u>
A	\$530.89
A1	\$530.89
B	\$725.03
B1	\$725.03
C	\$725.03
D	\$725.03
E	\$725.03
F	\$725.03
G	\$725.03
H	\$725.03

- (D) For permits reissued because of Rule 109 or Rule 109.1, which do not result in Best Available Control Technology (BACT) determination, the permit processing fee shall be 50% of the amount set forth in the Summary Permit Fee Rules tables.
- (4) Fee for Evaluation of Applications for Emission Reductions
Every applicant who files an application for banking of emission reduction credits; change of title of emission reduction credits; alteration/modification of emission reduction credits; or conversion of emission reduction credits, mobile source credits, or area source credits to short term emission reduction credits, as described in paragraph (a)(2) of this rule shall, at the time of filing, pay a processing fee in accordance

with Schedule I in the Summary Permit Fee Rates tables. Additionally, the applicant shall, if required by Rule 1310(c), either:

- (A) Pay a fee for publication of public notice, as specified in Table II (B) and a preparation fee as per Rule 301(i)(4), or
- (B) arrange publication of the public notice independent of the District option and provide to the Executive Officer a copy of the proof of publication.

(5) Fees for Retirement of Short Term Emission Reduction Credits for ~~Permanent~~ Transfer into Rule 2202, and for ERCs Transfer Out of Rule 2202.

Any applicant who files an application to transfer a short term emission reduction credit certificate into Rule 2202 or to transfer ERCs out of Rule 2202 pursuant to Rule 2202 – On-Road Motor Vehicle Mitigation Options shall, at the time of filing, pay the fee as listed in the Summary of ERC Processing Rates, Banking, Change of Title, Alteration/Modification, Conversion to Short Term Credits, Re-Issuance of Short Term Credits, ~~and~~ Retirement of Short Term Credits for Transfer Into Rule 2202, and Transfer of ERCs Out of Rule 2202 table.

(d) Annual Operating Permit Renewal Fee

(1) Renewal of Permit to Operate

All Permits to Operate (including temporary Permits to Operate pursuant to Rule 202) for equipment on the same premises shall be renewed on the annual renewal date set by the Executive Officer. A Permit to Operate is renewable if the permit is valid according to the District's Rules and Regulations and has not been voided or revoked and if the annual operating permit fee is paid within the time and upon the notification specified in paragraph (d)(8) of this rule and if all court judgments in favor of the District and administrative civil penalties associated with the facility are paid.

(2) Annual Operating Fees

The annual operating permit renewal fee shall be assessed in accordance with the following schedules:

**EQUIPMENT/PROCESS
SCHEDULES**

**ANNUAL OPERATING
PERMIT RENEWAL FEE***

Equipment/Processes appearing in
Tables IA and IB as Schedule A1

	\$158.23
Equipment/Processes appearing in Tables IA and IB as Schedules A, B, and B1 (excluding Rule 461 liquid fuel dispensing nozzles)	\$317.07
Equipment/Processes appearing in Tables IA and IB as Schedules C and D	\$1,135.61
Equipment/Processes appearing in Tables IA and IB as Schedules E, F, G, and H	\$2,726.74
Rule 461 liquid fuel dispensing system	\$93.74 per product dispensed per nozzle

In addition to the annual operating permit renewal fees based on equipment/process, each RECLAIM/Title V facility shall pay the additional fee of:

Title V Facility

\$457.69 per facility

RECLAIM Facility

\$762.81 per Major Device

\$152.57 per Large Device

\$152.57 per Process Unit Device

RECLAIM and Title V Facility

RECLAIM fee + Title V fee

* For FY 2010-2011, the amount of the CPI increase will be rebated

(3) Credit for Solar Energy Equipment

Any permittee required to pay an annual operating permit renewal fee shall receive an annual fee credit for any solar energy equipment installed at the site where the equipment under permit is located. Solar energy projects that receive grant funding from the Rule 1309.1 – Priority Reserve account shall not be eligible for this annual fee credit.

(A) Computation

The design capacity of the solar energy equipment expressed in thousands of British Thermal Units (Btu) per hour shall be used to determine the fee credit calculated at \$1.76 per 1,000 Btu.

(B) Limitation

The solar energy credit shall not exceed the annual operating permit renewal fee for all permits at the site where the solar energy equipment is located.

(4) Renewal of Temporary Permit to Operate New Equipment

A Permit to Construct, which has not expired or has not been canceled or voided, will be considered a temporary Permit to Operate on the date the applicant completes final construction and commences operation, pursuant to subdivision (a) of Rule 202. For the purposes of this paragraph, the date specified as the estimated completion date on the application for Permit to Construct will be considered the date of commencement of operation, unless the applicant notifies the District in writing that operation will commence on another date, or unless the equipment already has been placed in operation. Such temporary Permit to Operate shall be valid for the period of time between commencement of operation and the applicant's next annual renewal date following commencement of operation and shall be subject to a prorated amount of the annual operating permit renewal fee prescribed in paragraph (d)(2). The proration shall be based on the time remaining to the next annual renewal date. On that next annual renewal date, and each year thereafter, the annual operating permit renewal fee for the temporary Permit to Operate shall be due in the amount prescribed in paragraph (d)(2).

(5) Renewal of Temporary Permit to Operate Existing Equipment

In the case of equipment operating under a temporary Permit to Operate issued pursuant to subdivision (c) of Rule 202, where a Permit to Construct was not issued, the company is immediately subject to a prorated amount of the annual operating permit renewal fee prescribed in paragraph (d)(2) following the submission of the completed application for Permit to Operate. The proration shall be based on the time remaining to the next annual renewal date. On that next annual renewal date, and each year thereafter, the annual operating permit renewal fee shall be due in the amount prescribed in paragraph (d)(2). If no annual renewal date has been established, the Executive Officer shall set one upon receipt of the application.

(6) Annual Renewal Date

If, for any reason, the Executive Officer determines it is necessary to change the annual renewal date, all annual operating permit renewal fees shall be prorated according to the new annual renewal date.

(7) Annual Renewal Date for Change of Operator

The same annual renewal date shall apply from one change of operator to another.

(8) Notice of Amount Due and Effect of Nonpayment

At least thirty (30) days before the annual renewal date, the owner/operator of equipment under permit will be notified by mail of the amount to be paid and the due date. If such notice is not received at least thirty (30) days before the annual renewal date, the owner/operator of equipment under permit shall notify the District on or before the permit renewal date that said notice was not received. The annual operating permit renewal fee for each permit shall be in the amount described in paragraph (d)(2). If the annual operating permit renewal fee is not paid within thirty (30) days after the due date, the permit will expire and no longer be valid. In the case of a RECLAIM facility, if the individual device fee(s) are not paid, the application(s) associated with the device(s) shall expire and no longer be valid. For a Title V facility, if the Title V facility fee, which is not based on any specific equipment but applies to the whole facility, is not paid, the Title V facility permit shall expire. In such a case, the owner/operator will be notified by mail of the expiration and the consequences of operating equipment without a valid permit, as required by Rule 203 (Permit to Operate). For the purpose of this paragraph, the fee payment will be considered to be received by the District if it is postmarked by the United States Postal Service on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or state holiday with the same effect as if it had been postmarked on the expiration date.

(9) Annual Operating Fees for Redundant Emission Controls

Any person holding permits to operate for two or more emission controls applicable to the same equipment who establishes that any of the emission controls is redundant, i.e., not necessary to assure compliance with all applicable legal requirements, shall not be required to pay

annual operating permit renewal fees under subdivision (d) for the redundant equipment. The Executive Officer may reinstate the obligation to pay such fees at any time upon determination that operating the control is or has become necessary to assure compliance with any applicable legal requirements.

(e) Annual Operating Emissions Fee

(1) Annual Operating Emission Fee Applicability

In addition to the annual operating permit renewal fee, the owner/operator of all equipment operating under permit shall pay an annual emissions fee based on the total weight of emissions of each of the contaminants specified in Table III from all equipment used by the operator at all locations, including total weight of emissions of each of the contaminants specified in Table III resulting from all products which continue to passively emit air contaminants after they are manufactured, or processed by such equipment, with the exception of such product that is shipped or sold out of the District so long as the manufacturer submits records which will allow for the determination of emissions within the District from such products.

(2) Emissions Reporting and Fee Calculation

For the reporting period July 1, 2000 to June 30, 2001, and all preceding reporting periods, emissions from equipment not requiring a written permit pursuant to Regulation II shall be reported but not incur a fee for emissions so long as the owner/operator keeps separate records which allow the determination of emissions from such non-permitted equipment. Notwithstanding the above paragraph, for the purposes of Rule 317 – Clean Air Act Non-Attainment Fees, all major stationary sources of NO_x and VOC, as defined in Rule 317, shall annually report and pay the appropriate clean air act non-attainment fees for all actual source emissions including but not limited to permitted, unpermitted, unregulated and fugitive emissions. Beginning with the reporting period of July 1, 2001 to June 30, 2002, and for subsequent reporting periods, each facility with total emissions including emissions from equipment or processes not requiring a written permit pursuant to Regulation II greater than or equal to the threshold amount of contaminants listed in paragraph (e)(5) shall report all emissions and incur an emissions fee as prescribed in Table III.

Non-permitted emissions which are not regulated by the District shall not be reported and shall be excluded from emission fees if the facility provides a demonstration that the emissions are not regulated and maintains sufficient records to allow the accurate demonstration of such non-regulated emissions.

(3) Exception for the Use of Clean Air Solvents

An owner/operator shall not pay a fee for emissions from the use of Clean Air Solvents issued a valid Certificate from the District so long as the facility submits separate records which allow the determination of annual emissions, usage, and identification of such products. A copy of the Clean Air Solvent certificate issued to the manufacturer or distributor shall be submitted with the separate records.

(4) Flat Annual Operating Emission Fee

The owner/operator of all equipment operating under at least one permit (not including certifications, registrations or plans) shall each year be assessed a flat annual emissions fee of \$117.87.

(5) Emission Fee Thresholds

Each facility with emissions greater than or equal to the threshold amount of the contaminant listed below shall be assessed a fee as prescribed in Table III. For the six-month transitional reporting period pursuant to subparagraph (e)(8)(B) (July 1, 2007 through December 31, 2007), the fee shall be assessed on emissions greater than or equal to one-half (1/2) of the threshold amount listed below.

Air contaminant(s)	Annual emissions threshold (TPY)
Gaseous sulfur compounds (expressed as sulfur dioxide)	≥4 TPY
Total organic gases (excluding methane, exempt compounds as specified in paragraph (e)(13), and specific organic gases as specified in paragraph (b)(28))	≥4 TPY
Specific organic gases	≥4 TPY
Oxides of nitrogen (expressed as nitrogen dioxide)	≥4 TPY
Total particulate matter	≥4 TPY
Carbon monoxide	≥100 TPY

(6) **Clean Fuels Fee Thresholds**

Each facility emitting 250 tons or more per year (≥250 TPY) of any of the above referenced contaminants shall pay an annual clean fuels fee as prescribed in Table V (California Health and Safety Code Section 40512).

(7) **Fees for Toxic Air Contaminants or Ozone Depleters**

Each facility emitting a toxic air contaminant or ozone depleter greater than or equal to the annual thresholds listed in Table IV shall be assessed an annual emissions fee as indicated therein. For the six-month transitional reporting period pursuant to subparagraph (e)(8)(B) (July 1, 2007 through December 31, 2007), the fee shall be assessed on emissions greater than or equal to one-half (1/2) of the threshold amount listed in Table IV. The annual emissions fee for toxic air contaminants and ozone depleters shall be based on the total weight of emissions of these contaminants associated with all equipment and processes including, but not limited to, material usage, handling, processing, loading/unloading; combustion byproducts, and fugitives (equipment/component leaks).

(A) Any dry cleaning facility that emits less than two (2) tons per year of perchloroethylene or less than one (1) ton per year for the six-month transitional reporting period from July 1, 2007 through

December 31, 2007, and qualifies as a small business as defined in the general definition of Rule 102, shall be exempt from fees listed in Table IV. This provision shall be retroactive to include the July 10, 1992, rule amendment which included perchloroethylene in Table IV.

- (B) Any facility that emits less than two (2) tons per year, or less than one (1) ton per year for the six-month transitional reporting period from July 1, 2007 through December 31, 2007 of formaldehyde, perchloroethylene, or methylene chloride, may petition the Executive Officer, at least thirty (30) days prior to the official submittal date of the annual emissions report as specified in paragraph (e)(10), for exemption from formaldehyde, perchloroethylene, or methylene chloride fees as listed in Table IV. Exemption from emissions fees shall be granted if the facility demonstrates that no alternatives to the use of these substances exist, no control technologies exist, and that the facility qualifies as a small business as defined in the general definition of Rule 102.

- (8) Reporting of Total Emissions from Preceding Reporting Period and Unreported or Under-reported Emissions from Prior Reporting Periods

- (A) The owner/operator of equipment subject to paragraph (e)(1), (e)(2), (e)(5), (e)(6), and (e)(7) shall report to the Executive Officer the total emissions for the immediate preceding reporting period of each of the air contaminants concerned from all equipment. The report shall be made at the time and in the manner prescribed by the Executive Officer. The permit holder shall

report the total emissions for the twelve (12) month period reporting for each air contaminant concerned from all equipment or processes, regardless of the quantities emitted.

- (B) During the period of July 1, 1994, through December 31, 2007, the reporting period for annual operating emissions fees shall be from July 1 of a given year through June 30 of the following year. A six-month emissions report and fees will be due for the reporting period from July 1, 2007 through December 31, 2007. Beginning January 1, 2008, the reporting period for annual operating

emissions fees shall be from January 1 through December 31 of each year.

- (C) The Executive Officer will determine default emission factors applicable to each piece of permitted equipment or group of permitted equipment, and make them available to the owner/operator in a manner specified by the Executive Officer and provide them to the owner/operator upon request. In determining emission factors, the Executive Officer will use the best available data. A facility owner/operator can provide alternative emission factors that more accurately represent actual facility operations subject to the approval of the Executive Officer.
 - (D) A facility owner/operator shall report to the Executive Officer, in the same manner, and quantify any emissions of air contaminants in previous reporting periods which had not been reported correctly and should have been reported under the requirements in effect in the reporting period in which the emissions occurred.
- (9) Request to Amend Emissions Report and Refund of Emission Fees
- (A) A facility owner/operator shall submit a written request (referred to as an “Amendment Request”) for any proposed revisions to previously submitted annual emissions reports. Amendment requests with no fee impact, submitted after one (1) year and sixty (60) days from the official due date (July 1 or January 1 as applicable) of the subject annual emissions report shall include a non-refundable standard evaluation fee of \$289.97 for each subject facility and reporting period. Evaluation time beyond two hours shall be assessed at the rate of \$145.01 per hour and shall not exceed ten (10) hours. Amendment requests received within one year (1) and sixty (60) days from the official due date (July 1 or January 1 as applicable) of a previously submitted annual emissions report shall not incur any such evaluation fees. The Amendment Request shall include all supporting documentation and copies of revised applicable forms.
 - (B) A facility owner/operator shall submit a written request (referred to as a “Refund Request”) to correct the previously submitted annual emissions reports and request a refund of overpaid emission fees. Refund Requests must be submitted within one (1) year and

sixty (60) days from the official due date (July 1 or January 1 as applicable) of the subject annual emissions report to be considered valid. The Refund Request shall include all supporting documentation and copies of revised applicable forms. If the Refund Request is submitted within one (1) year and sixty (60) days from the official due date (July 1 or January 1 as applicable) of the subject annual emissions report, and results in no fee impact, then the facility owner/operator shall be billed for the evaluation fee pursuant to subparagraph (e)(9)(A).

(10) Notice to Pay and Late Filing Surcharge

(A) A notice to report emissions and pay the associated emission fees will be mailed annually to the owners/operators of all equipment (as shown in District records) to which this subdivision applies. A notice to pay the semi-annual fee specified in paragraph (e)(11) will also be mailed to facilities which in the preceding reporting year emitted any air contaminant equal to or greater than the emission thresholds specified in subparagraph (e)(11)(A). Emissions reports and fee payments are the responsibility of the owner/operator regardless of whether the owner/operator was notified. The due dates to submit the emissions fees and reports for:

- (i) Semi-annual reports are January 1 for fiscal year reporting during July 1, 1994 through December 31, 2007, and July 1 for calendar year reporting beginning January 1, 2008 and after.
- (ii) Annual reports are July 1 for fiscal year reporting during July 1, 1994 through December 31, 2007, and January 1 for calendar year reporting beginning January 1, 2008 and after.

If both the fee payment and the completed emissions report are not received by the sixtieth (60th) day following January 1 or July 1 as applicable (for semi-annual reports), or July 1 or January 1 as applicable (for annual reports), they shall be considered late, and surcharges for late payment shall be imposed as set forth in subparagraph (e)(10)(B). For the purpose of this subparagraph, the emissions fee payment and the emissions report shall be

considered to be timely received by the District if it is postmarked on or before the sixtieth (60th) day following the official due date (July 1 or January 1 as applicable). If the sixtieth (60th) day falls on a Saturday, Sunday, or a state holiday, the fee payment and emissions report may be postmarked on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if they had been postmarked on the sixtieth (60th) day.

- (B) If fee payment and emissions report are not received within the time prescribed by subparagraph (e)(10)(A), a surcharge shall be assessed and added to the original amount of the emission fee due according to the following schedule:

Less than 30 days	5% of reported amount
30 to 90 days	15% of reported amount
91 days to 1 year	25% of reported amount
More than 1 year	(See subparagraph (e)(10)(D))

- (C) If an emission fee is timely paid, and if, within one year after the sixtieth (60th) day from the official due date is determined to be less than ninety percent (90%) of the full amount that should have been paid, a fifteen percent (15%) surcharge shall be added, and is calculated based on the difference between the amount actually paid and the amount that should have been paid, to be referred to as underpayment. If payment was ninety percent (90%) or more of the correct amount due, the difference or underpayment shall be paid but with no surcharges added. The fee rate to be applied shall be the fee rate in effect for the year in which the emissions actually occurred. If the underpayment is discovered after one (1) year and sixty (60) days from the official fee due date, fee rates and surcharges will be assessed based on subparagraph (e)(10)(D).

- (D) The fees due and payable for the emissions reported or reportable pursuant to subparagraph (e)(8)(D) shall be assessed according to the fee rate for that contaminant specified in Tables III, IV, and V, and further increased by fifty percent (50%). The fee rate to be applied shall be the fee rate in effect for the year in which the emissions are actually reported, and not the fee rate in effect for

the year the emissions actually occurred.

- (E) If one hundred twenty (120) days have elapsed since January 1st, July 1st, or as applicable, and all emission fees including any surcharge have not been paid in full, the Executive Officer may take action to revoke all Permits to Operate for equipment on the premises, as authorized in Health and Safety Code Section 42307.

(11) Semi-Annual Emissions Fee Payment

- (A) For facilities emitting the threshold amount of any contaminant listed below, the Executive Officer will estimate one half (1/2) of the previous annual emission fees and request that the permit holder pay such an amount as the first installment on annual emission fees for the current reporting period. The installment payment for calendar year 2008 annual emission fees will be based on one half (1/2) of the emissions reported for fiscal year 2006-2007.

Air contaminant(s)	Annual emissions threshold (TPY)
Gaseous sulfur compounds (expressed as sulfur dioxide)	≥10 TPY
Total organic gases (excluding methane, exempt compounds as specified in paragraph (e)(13), and specific organic gases as specified in paragraph (b)(28))	≥10 TPY
Specific organic gases	≥10 TPY
Oxides of nitrogen (expressed as nitrogen dioxide)	≥10 TPY
otal particulate matter	≥10 TPY
Carbon monoxide	≥100 TPY

- (B) In lieu of payment of one half the estimated annual emission fees, the owner/operator may choose to report and pay on actual emissions for the first six months (July 1 through December 31 for fiscal year reporting prior to January 1, 2008 or January 1 through June 30 for calendar year reporting beginning January 1, 2008 and thereafter). By July 1 or January 1 as applicable, the permit holder shall submit a final Annual Emission Report

together with the payment of the balance; the annual emission fees less the installment previously paid. For fiscal year reporting prior to January 1, 2008, the report shall contain an itemization of emissions from July 1 through June 30 of the applicable year. For calendar year reporting beginning January 1, 2008 and thereafter, the report shall contain an itemization of emissions for the preceding twelve (12) months of the reporting period (January 1 through December 31.)

- (C) An installment fee payment is considered late and is subject to a surcharge if not received within sixty (60) days of the due date (July 1 or January 1 as applicable) pursuant to paragraph (e)(10).

(12) Fee Payment Subject to Validation

Acceptance of a fee payment does not constitute validation of the emission data.

(13) Exempt Compounds

Emissions of acetone, ethane, methyl acetate, parachlorobenzotrifluoride (PCBTF), and volatile methylated siloxanes (VMS), shall not be subject to the requirements of Rule 301(e).

(14) Reporting Emissions and Paying Fees

For the six-month reporting period of July 1, 2007 through December 31, 2007 and calendar year 2008, emission fees shall be determined in accordance with fee rates specified in Tables III, IV and V, and

paragraph (e)(2). Installment fees that have been paid for Semi-Annual Emission Fees by March 1, 2008 shall not be subject to this provision.

(15) Deadline for Filing Annual Emissions Report and Fee Payment

The deadline for filing annual emissions reports and fee payments is as follows:

- (A) Notwithstanding any other applicable Rule 301(e) provisions regarding the annual emissions report and emission fees, for the reporting period of July 1, 2007 through December 31, 2007, the fee payment and the completed annual emissions report shall be received by the District, or postmarked, on or before September 1, 2008 to avoid any late payment surcharges specified in subparagraph (e)(10)(B), or
- (B) The deadline for filing the calendar year 2008 Annual

Emissions Report and fee payment shall be March 2nd, 2009. For any facility that is subject to the Regulation for the Mandatory Reporting of Greenhouse Gas (GHG) emissions adopted by the CARB on December 6, 2007, or subsequent revisions that voluntarily elects to report the GHG emissions to the District in the manner prescribed by the Executive Officer, the deadline for filing Annual Emissions Reports and fee payments shall coincide with the deadlines set forth in the Regulation for the Mandatory Reporting of GHG emissions adopted by the CARB on December 6, 2007, or subsequent revisions.

(16) Reporting GHG Emissions and Paying Fees

A facility that is subject to the California Air Resources Board (CARB)'s mandatory reporting of Greenhouse Gas (GHG) emissions may request District staff to review and verify the facility's GHG emissions. The fee for review and verification for each GHG emissions report shall consist of an initial submittal fee of \$121.44 in addition to a verification fee assessed at \$125.68 per hour or prorated portion thereof.

(f) Certified Permit Copies and Reissued Permits

A request for a certified permit copy shall be made in writing by the permittee after the destruction, loss, or defacement of a permit. A request for a permit to be reissued shall be made in writing by the permittee where there is a name or address change without a change of operator or location. The permittee shall, at the time a written request is submitted, pay the fees to cover the cost of the certified permit copy or reissued permit as follows:

(1) A fee of \$24.96 shall be paid for a certified permit copy.

(2) A fee of \$193.31 shall be paid for a reissued permit.

No fee shall be assessed to reissue a permit to correct an administrative error by District staff.

(g) Reinstating Expired Applications or Permits; Surcharge

An application or a Permit to Operate which has expired due to nonpayment of fees or court judgments in favor of the District or administrative civil penalties associated with the facility may be reinstated by submitting a request for reinstatement of the application or Permit to Operate accompanied by a

reinstatement surcharge and payment in full of the amount of monies due at the time the application or Permit to Operate expired. The reinstatement surcharge shall be fifty percent (50%) of the amount of fees due per equipment at the time the application or Permit to Operate expired, or the following amount, whichever is lower:

Facility Permit Holders	\$193.31 per equipment
Other Permit Holders	\$193.31 per equipment

Such request and payment shall be made within one (1) year of the date of expiration. An application or Permit to Operate which has expired due to nonpayment of fees shall not be reinstated if the affected equipment has been altered since the expiration of the application or Permit to Operate. If the period of expiration has exceeded one (1) year or the affected equipment has been altered, operation of the equipment shall require a new Permit to Operate and the application shall be subject to Rule 1313(b).

(h) Reinstating Revoked Permits

If a Permit to Operate is revoked for nonpayment of annual permit fees based on emissions or fees on non-permitted emissions, it may be reinstated upon payment by the permit holder of such overdue fees and accrued surcharge in accordance with (e)(9).

(i) Clean Air Act Non-Attainment Fees

Any fees remitted to the District pursuant to Rule 317 – Clean Air Act Non-attainment Fees shall be held in escrow accounts unique to each source. Fees accrued in such escrow accounts may be used for either of the following at the discretion of the source's owner or operator.

- (1) Creditable up to the amount of fees due by the same source during the calendar year or subsequent calendar year(s) for annual emissions fees due pursuant to Rule 301(e)(2), (4), (6), (7) and (11) and annual operating permit renewal fees due pursuant to Rule 301(d)(1), (2) and (4). In no case shall the credit be greater than the fees paid; or
- (2) use by the owner or operator for VOC and NOx reduction programs at their source that are surplus to the State Implementation Plan according to the following prioritization:
 - (A) at the source; or
 - (B) use within another facility under common ownership; or

- (C) use in the community adjacent to the facility; or
- (D) other uses to reduce emissions.

Up to five percent of funds can be used by the South Coast Air Quality Management District for administrative support for items in paragraph (i)(2).

- (j) Special Permit Processing Fees - California Environmental Quality Act (CEQA) Assistance, Air Quality Analysis, Health Risk Assessment, and Public Notice on Significant Projects

- (1) Payment for CEQA Assistance

- (A) CEQA Document Preparation

When a determination is made by the Executive Officer that the District is the Lead Agency for a project, pursuant to the California Environmental Quality Act (CEQA), Public Resources Code Section 21000 et seq. and state CEQA Guidelines (14 California Code of Regulations section 15000 et seq.), the project applicant may be required to pay a review fee (based on a staff rate of \$145.01 per hour) when a 400-CEQA form requires the CEQA staff to review for CEQA applicability. If preparation of CEQA documentation is deemed necessary, the applicant shall pay an initial fee for the preparation of necessary CEQA documentation according to the following schedule:

Notice of Exemption (upon applicant request)	\$290.01
Negative Declaration	\$4,373.26
Mitigated Negative Declaration	\$4,373.26
Environmental Impact Report (EIR)	\$5,830.98
Supplemental or Subsequent EIR	\$5,830.98
Addendum to EIR	\$3,021.94

If the Executive Officer determines that the District's CEQA preparation costs (may include, but not limited to, mailing, noticing, publications, et cetera) and staff time (based on the rate of \$145.01 per hour) exceed the initial fee the project applicant, upon notification from the District, shall make periodic payment of the balance due. The Executive Officer shall determine the amount and

timing of such periodic payments, based upon the level of CEQA analysis and the amount of monies needed to offset the actual preparation costs.

(B) CEQA Document Assistance

When the District is not the Lead Agency for a project and a request is made by: another public agency; a project proponent; or any third party, for staff assistance with any of the following tasks including, but not limited to: reviewing all or portions of a CEQA document and air quality analysis protocols for emissions inventories and air dispersion modeling prior to its circulation to the public for review pursuant to Public Resources Code §21092; assisting lead agencies with developing and implementing mitigation measures, the requestor may be required to pay a fee for staff time at the rate of \$145.01 per hour. This fee shall not apply to review of CEQA documents prepared by other public agencies that are available for public review pursuant to Public Resources Code §21092 and is part of the District's intergovernmental review responsibilities under CEQA.

(2) Payment for Air Quality Analysis

When a determination is made by the Executive Officer that an air quality analysis of the emissions from any source is necessary to predict the extent and amount of air quality impact prior to issuance of a permit, the Executive Officer may order air quality simulation modeling by qualified District personnel. Alternatively, the Executive Officer may require (or the owner/operator of the source may elect) that modeling be performed by the owner/operator or an independent consultant.

Where modeling is performed by the owner/operator or an independent consultant, the Executive Officer may require that the results be verified by qualified District personnel. The owner/operator of the source shall provide to the Executive Officer a copy of the final modeling report including all input data, description of methods, analyses, and results. The owner/operator of the source modeled by District personnel shall pay a fee as specified in Table IIA to cover the costs of the modeling analysis. A fee, as specified in Table IIA, shall be charged to offset the cost of District verification of modeling performed by an independent consultant.

- (3) Payment for Health Risk Assessment
 - (A) When a determination is made by the Executive Officer that any source being evaluated for a Permit to Construct or a Permit to Operate may emit toxic or potentially toxic air contaminants, the Executive Officer may order a Health Risk Assessment be conducted by qualified District personnel or by a qualified consultant, as determined by the Executive Officer, engaged by the District under a contract. Alternatively, the Executive Officer may require (or owner/operator of the source may elect) that the assessment be performed by the owner/operator or an independent consultant engaged by the owner/operator. The Health Risk Assessment shall be performed pursuant to methods used by the California EPA's Office of Environmental Health Hazard Assessment.
 - (B) For a Health Risk Assessment conducted by the owner/operator of the source or the owner/operator's consultant, the Executive Officer may require that the results be verified by qualified District personnel or by a qualified consultant engaged by the District. The owner/operator of the source shall provide to the Executive Officer a copy of the final Health Risk Assessment including all input data, and description of methods, analyses, and results. The owner/operator of the source for which a Health Risk Assessment is conducted or is evaluated and verified by District personnel or consultant shall pay the fees specified in Table IIA to cover the costs of an Air Quality Analysis and Health Risk Assessment analysis, evaluation, or verification. When the Health Risk Assessment is conducted or is evaluated and verified by a consultant engaged by the District, or District personnel, the fees charged will be in addition to all other fees required.
 - (C) When a Health Risk Assessment is evaluated by the California EPA, pursuant to Health and Safety Code Sections 42315, 44360, 44361 or 44380.5, or by a consultant engaged by the California EPA, or when the District consults with the California EPA regarding the Health Risk Assessment, any fees charged by the California EPA to the District will be charged to the person whose Health Risk Assessment is subject to the review, in

addition to other fees required.

(4) Payment for Public Notice

An applicant for a significant project, as defined in Rule 212(c) or for emission reduction credits (ERCs) in excess of the amounts as specified in Rule 1310(c), or the operator of a facility requesting allocations from the Offset Budget or requesting the generation or use of any Short Term Credit (STCs), or for significant permit revision of a Title V permit shall be assessed a fee of \$845.30 for preparation of the notice required by the rules. The notice preparation fee is waived for existing dry cleaning operations at the same facility that install, modify or replace dry cleaning equipment to comply with Rule 1421 provided there is a concurrent removal from service of the perchloroethylene equipment. Eligibility includes converting from perchloroethylene to non-toxic alternative solvents, including non-toxic hydrocarbon solvents. In addition, an applicant for a project subject to the requirements of Rule 212(g) shall either:

(A) pay a fee, as specified in Table IIB, for publication of the notice by prominent advertisement in the newspaper of general circulation in the area affected where the facility is located and for the mailing of the notice to persons identified in Rule 212(g),
or

(B) arrange publication of the above notice independent of the District option. This notice must be by prominent advertisement in the newspaper of general circulation in the area affected where the facility is located. Where publication is performed by the owner/operator or an independent consultant, the owner/operator of the source shall provide to the Executive Officer a copy of the proof of publication.

(5) Payment for Review of Continuous Emissions Monitoring System (CEMS), Fuel Sulfur Monitoring System (FSMS), and Alternative Continuous Emissions Monitoring System (ACEMS)

(A) New Application for Process Equipment Requiring CEMS or, Alternatively, an FSMS or ACEMS to Comply with the CEMS Requirement

When a determination is made by the Executive Officer that a Continuous Emissions Monitoring System (CEMS) is required in

order to determine a source's compliance with a District rule or regulation, the applicant shall:

- (i) Apply for the use of a CEMS and pay a basic processing fee as specified in Table IIC at the time of filing.
- (ii) Apply for the use of an FSMS or ACEMS in lieu of a CEMS and pay a basic processing fee as specified in Table IIC at the time of filing.

(B) Modification of an Existing Certified CEMS, FSMS, or ACEMS
If a certified CEMS, FSMS, or ACEMS is modified in a manner (excluding routine replacement or servicing of CEMS or FSMS components for preventive or periodic maintenance according to established quality assurance guidelines, or CEMS or FSMS components designated by the Executive Officer as "standardized" or direct replacement-type components) determined by the Executive Officer to compromise a source's compliance with a District rule or regulation, the applicant shall pay a processing fee covering the evaluation of the modification and recertification, if necessary, as follows:

- (i) If one or more CEMS or FSMS components (excluding additional pollutant monitors) are replaced, modified, or added, the applicant shall pay a minimum processing fee of \$773.78; and additional fees will be assessed at a rate of \$145.01 per hour for time spent on the evaluation in excess of 10 hours up to a maximum total fee of \$4,837.80.
- (ii) If one or more pollutant monitors are added to a CEMS or FSMS (and one or more of its components are concurrently replaced, modified, or added), the applicant shall pay a minimum processing fee as specified in Table IIC, based on the number of CEMS or FSMS pollutant monitors and components added.
- (iii) If one or more pollutant emission sources at a facility are added to an FSMS, a time-shared CEMS, or a SO_x CEMS which is specifically used to "back-calculate" fuel sulfur content for these sources, the applicant shall pay a minimum processing fee as specified in Table IIC, based

on the number of CEMS or FSMS monitors and components added.

- (iv) If one or more ACEMS (or PEMS) components are replaced, modified, or added, the applicant shall pay a minimum processing fee of \$773.78; and additional fees will be assessed at a rate of \$145.01 per hour for time spent on the evaluation in excess of 10 hours up to a maximum total fee of \$4,837.80.

- (C) Modification of CEMS, FSMS, or ACEMS Monitored Equipment
For any RECLAIM or non-RECLAIM equipment monitored or required to be monitored by a CEMS, FSMS, or ACEMS, that is modified in a manner determined by the Executive Officer to compromise a source's compliance with a District CEMS-, FSMS-, or ACEMS-related rule or regulation, or requires an engineering evaluation, or causes a change in emissions; the applicant shall pay a minimum processing fee of \$773.78, covering the evaluation and recertification, if necessary, of the CEMS, FSMS, or ACEMS. Additional fees will be assessed at a rate of \$145.01 per hour for time spent on the evaluation in excess of 10 hours up to a maximum total fee of \$4,837.80.

- (D) Periodic Assessment of an Existing RECLAIM CEMS, FSMS, or ACEMS

An existing RECLAIM CEMS, FSMS, or ACEMS, which undergoes certification as in (i)(5)(A), must be retested on a quarterly, semi-annual, or annual basis to remain in compliance with District Regulation XX. The applicant shall pay a minimum processing fee of \$773.78 for this evaluation, if required. Additional fees will be assessed at a rate of \$145.01 per hour for time spent on the evaluation in excess of 10 hours up to a maximum total fee of \$4,837.80.

- (E) CEMS, FSMS, or ACEMS Change of Ownership

Every applicant who files an application for a change of operator of a RECLAIM or non-RECLAIM facility permit shall also file an application for a change of operator of a CEMS, FSMS, or ACEMS, if applicable, and be subject to a processing fee equal to \$230.67 for the first CEMS, FSMS, or ACEMS, plus \$46.01 for

each additional CEMS, FSMS, or ACEMS.

(6) Payment for Review and Certification of Barbecue Charcoal Igniter Products

(A) Certification of Barbecue Charcoal Igniter Products

Pursuant to the requirements of District Rule 1174, manufacturers, distributors, and/or retailers of applicable barbecue charcoal igniter products shall perform the required testing and shall submit a formal report for review by SCAQMD staff for product compliance and certification. For each product evaluated, the applicant shall pay a minimum processing fee of \$607.10 per product certified, and additional fees will be assessed at the rate of \$121.44 per hour for time spent on the evaluation/certification process in excess of 5 hours.

(B) Repackaging of Certified Barbecue Charcoal Igniter Products

When a currently certified barbecue charcoal igniter product is repackaged for resale or redistribution, the manufacturer, distributor, and/or retailer shall submit the required documentation to SCAQMD staff for evaluation and approval. For each product or products evaluated, the applicant shall pay a processing fee of \$303.56 for the first certificate issued, and additional fees will be assessed at the rate of \$121.44 per hour for the time spent in excess of 3 hours for the first certificate issued. Additional certificates for the same product or products shall be assessed at the rate of \$60.69 per each additional certificate issued.

(7) Fees for Inter-basin, Inter-district, or Interpollutant Transfers of Emission Reduction Credits

An applicant for inter-basin, inter-district, or interpollutant transfer of ERCs shall file an application for ERC Change of Title and pay fees as listed in the Summary ERC Processing Rates – Banking, Change of Title, Alteration/Modification Table. Additional fees shall be assessed at a rate of \$145.01 per hour for the time spent on review and evaluation of inter-basin, inter-district, and interpollutant transfers of ERCs pursuant to Rule 1309 subdivisions (g) and (h).

- (8) Fees for Grid Search to Identify Hazardous Air Pollutant Emitting Facilities

A fee of \$305.64 shall be submitted by any individual, business or agency requesting the District to conduct a grid search to identify all facilities with the potential to emit hazardous air pollutants located within one-quarter mile of a proposed school boundary.

Failure to pay the fees described in this subdivision within thirty (30) days after their due date(s) shall result in expiration of pending applications, and no further applications will be accepted from the applicant until the fees have been paid in full.

- (k) Government Agencies

All applicants and permittees, including federal, state, or local governmental agencies or public districts, shall pay all fees.

- (l) RECLAIM Facilities

- (1) For RECLAIM facilities, this subdivision specifies additional conditions and procedures for assessing the following fees:

- (A) Facility Permit;
- (B) Facility Permit Amendment;
- (C) Change of Operating Condition;
- (D) Change of Operator;
- (E) Annual Operating Permit;
- (F) Transaction Registration;
- (G) RECLAIM Pollutant Emission;
- (H) Duplicate Permits;
- (I) Reissued Permits;
- (J) RECLAIM Breakdown Emissions; and
- (K) Non-Tradeable Allocation Credit Mitigations.

- (2) RECLAIM Fees Applicability

All RECLAIM Facility Permit holders shall be subject to this subdivision.

- (3) Rule 301 - Permit Fees Applicability

Unless specifically stated, all RECLAIM Facility Permit holders shall be subject to all other provisions of Rule 301 - Permit Fees.

(4) Facility Permit Fees

- (A) Existing facilities entering the RECLAIM program after initial implementation of the RECLAIM program will pay 10 percent of the sum of the permit processing fees from the Summary Permit Fee Rates tables for each equipment merged into the Facility Permit, with a minimum fee of \$483.47.
- (B) New facilities with new equipment entering the RECLAIM program will pay a Facility Permit Fee equal to the sum total of the permit processing fees from the Summary Permit Fee Rates tables for each equipment merged into the Facility Permit.

(5) Facility Permit Amendment

At the time of filing an application for a Facility Permit Amendment, a Facility Permit Amendment Fee shall be paid and an application for such amendment shall be submitted. The Facility Permit Amendment Fee for an application that requires an engineering evaluation or cause a change in emissions shall be \$912.44 (\$1,824.90 if both RECLAIM and Title V facility), plus the sum of applicable fees assessed for each application required for affected equipment as specified in the Summary Permit Fee Rate tables. The Facility Permit Amendment Fee for an application that does not require an engineering evaluation or causes a change in emissions shall be \$912.44 (\$1,824.90 if both a RECLAIM and Title V facility) plus the applicable administrative permit change fee based on the equipment schedule as set forth in Rule 301(c)(3)C) for each application required for affected equipment. All delinquent fees, court judgments in favor of the District and administrative civil penalties associated with the facility must be paid before a Facility Permit Amendment application will be accepted.

(6) Change of Operating Condition

At the time of filing an application for a Change of Operating Conditions that requires engineering evaluation or causes a change in emissions, a Change of Condition Fee shall be paid. Such fee shall be equal to the sum of fees assessed for each equipment subject to the change of condition as specified in the Summary Permit Fee Rates – Permit Processing, Change of Conditions, Alteration/Modification table and in the Summary ERC Processing Rates – Banking, Change of Title, Alteration/Modification table. All delinquent fees associated with the

affected facility subject to the change of condition must be paid before a Change of Operating Conditions application will be accepted.

(7) Fee for Change of Operator

The Permit Processing Fee for a Change of Operator of a RECLAIM facility permit shall be determined from the Table Summary of Permit Fee Rates – Change of Operator, Non-Small Business. In addition, a Facility Permit Amendment fee as specified in paragraph (k)(5) shall be assessed. All fees, billed within the past 3 years from the date of application submittal that are, associated with the facility for equipment for which a Change of Operator or Additional Operator application is filed, and all facility-specific fees (such as “Hot Spots” fees), must be paid before a Change of Operator or Additional Operator application is accepted. If after an application is received and SCAQMD determines that fees are due, the new operator shall pay such fees within 30 days of notification. If the fees are paid timely the new operator will not be billed for any additional fees billed to the previous operator.

(8) Annual Operating Permit Renewal Fee

(A) Unless otherwise stated within this subdivision, the Facility Permit holder shall be subject to all terms and conditions pursuant to subdivision (d).

(B) An Annual Operating Permit Renewal Fee shall be submitted by the end of the compliance year. Such fee shall be equal to the sum of applicable permit renewal fees specified in paragraph (d)(2).

(C) At least thirty (30) days before the annual renewal date, the owner/operator of equipment under permit will be notified by mail of the amount to be paid and the due date. If such notice is not received at least thirty (30) days before the annual renewal date, the owner/operator of equipment under permit shall notify the District on or before the permit renewal date that said notice was not received. If the Annual Operating Permit Renewal fee is not paid within thirty (30) days after the due date, the permit will expire and no longer be valid. In such a case, the owner/operator will be notified by mail of the expiration and the consequences of operating equipment without a valid permit as required by District Rule 203 (Permit to Operate). For the purpose of this

subparagraph, the fee payment will be considered to be received by the District if it is postmarked by the United States Post Office on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or state holiday as if it had been postmarked on the expiration date.

(9) Transaction Registration Fee

The transferor and transferee of an RTC shall jointly register the transaction with the District pursuant to District Rule 2007 – Trading Requirements. The transferee shall pay a Transaction Registration Fee of \$145.01 at the time the transaction is registered with the District.

(10) RECLAIM Pollutant Emission Fee

At the end of the reporting period specified in subparagraph (e)(8)(B), RECLAIM facilities shall pay a RECLAIM Pollutant Emission Fee based on the facilities' total certified RECLAIM pollutant emissions. For facilities emitting ten (10) tons per year or more of any contaminant the previous year, the Facility Permit holders shall pay a semi-annual installment equal to one half (1/2) of the total estimated fee with final balance due at the end of the reporting period.

(A) The Facility Permit Holder shall pay emission fees according to the provisions of subdivision (e) for all emissions that are not accounted for with RECLAIM pollutant emissions. The Facility Permit holder shall add non-RECLAIM emissions to applicable RECLAIM emissions to determine the appropriate fee rate from Table III fee rate per ton of emissions.

(B) Facility Permit Holders shall pay RECLAIM Pollutant Emission Fees according to the provisions of subdivision (e), except that:

- (i) Fees based on emissions of RECLAIM pollutants as defined in Rule 2000(c)(58) for annual payments shall be calculated based on certified emissions as required by paragraph (b)(2) or (b)(4) of Rule 2004, as applicable;
- (ii) RECLAIM Pollutant Emission Fees shall be due as established by subdivision (e) of this rule for both Cycle 1 and Cycle 2 Facilities;
- (iii) Facilities emitting ten (10) tons per year or more of a

RECLAIM pollutant during the previous annual reporting period, shall also pay a semi-annual installment based on either (a) one-half (1/2) of the facility's RECLAIM pollutant fees for the previous annual reporting period; or (b) emissions certified pursuant to paragraph (b)(2) and (b)(4) of Rule 2004 in the two (2) quarters falling in the time period that coincides with the first six (6) months of the current reporting period, by the deadline as established by subdivision (e) of this rule for both Cycle 1 and Cycle 2 Facilities.

- (iv) A fee payment is considered late and subject to the late payment surcharge of paragraph (e)(10) if not received within sixty (60) days of the due date specified in this paragraph.
- (C) If the Executive Officer determines that the APEP emissions reported by a Facility Permit Holder are less than the amount calculated as specified in Rule 2004(b)(2) and (b)(4), the Facility Permit Holder shall pay RECLAIM Pollutant Emission Fees on the difference between the APEP total as determined by the Executive Officer and the reported APEP total as specified in subparagraph (k)(10)(A).
- (D) In the event that certified emissions determined pursuant to Rule 2004(b)(2) and (b)(4), for compliance year beginning January 1, 1995 and after, include emissions calculated using missing data procedures, and these procedures were triggered pursuant to Rule 2011(c)(3) or 2012(c)(3) solely by a failure to electronically report emissions for major sources due to a problem with transmitting the emission data to the District which was beyond the control of the Facility Permit holder, such portion of the emissions may be substituted by valid emission data monitored and recorded by a certified CEMS, for the purpose of RECLAIM pollutant emission fee determination only, provided that a petition is submitted to the Executive Officer with the appropriate processing fee by the Facility Permit holder. The petition must be made in writing and include all relevant data to clearly demonstrate that the valid emission data were recorded and

monitored by a certified CEMS as required by Rules 2011 and 2012 and the only reason for missing data procedures being triggered was due to a problem with transmitting the emission data to the District which was beyond the control of the Facility Permit holder. In addition to the RECLAIM pollutant emission fee, the petitioner shall pay a minimum processing fee of \$565.39 and additional fees will be assessed at a rate of \$145.01 per hour for time spent on evaluation in excess of 3 hours.

- (E) The Executive Officer may establish a special operating fee for petroleum refineries (Standard Industrial Classification No. 2911) up to an amount based on \$0.07 per pound in FY 07-08 and \$0.07 per pound in FY 08-09 of the initial SO_x RECLAIM allocation (initial allocation of the original operator if a change of operator has occurred since the assignment of the initial allocation) to cover the cost of a technology assessment to reduce SO_x emissions from the RECLAIM universe. Fee payment is due upon notification by the Executive Officer. If the fee payment is not received by the sixtieth (60th) day following the due date a surcharge shall be added to the original amount according to the schedule in subparagraph (e)(10)(B).

(11) Certified Permits Copies

A request for a certified copy of a Facility Permit shall be made in writing by the permittee. The permittee shall, at the time the written request is submitted, pay \$24.96 for the first page and \$1.76 for each additional page in the Facility Permit.

(12) Reissued Permits

A request for a reissued Facility Permit shall be made in writing by the permittee where there is a name or address change without a change of operator or location. The permittee shall, at the time the written request is submitted, pay \$193.31 for the first page plus \$1.76 for each additional page in the facility permit.

(13) Breakdown Emission Report Evaluation Fee

The Facility Permit Holder, submitting a Breakdown Emission Report to seek exclusion of excess emissions from the annual allocations pursuant to Rule 2004 - Requirements, shall pay fees for the evaluation of a Breakdown Emission Report. The Facility Permit Holder shall pay a

filing fee of \$145.01 at the time of filing of a Breakdown Emission Report, and shall be assessed an evaluation fee at the rate of \$145.01 and thereafter per hour.

(14) Breakdown Emission Fee

At the end of the time period from July 1 through June 30, the Facility Permit holder shall pay a Breakdown Emission Fee for excess emissions determined pursuant to District Rule 2004 - Requirements. The Facility Permit Holder shall include excess emissions to the total certified RECLAIM emissions to determine the appropriate RECLAIM Pollutant Emission Fee.

(15) Mitigation of Non-Tradeable Allocation Credits

Upon submitting a request to activate non-tradeable allocation credits pursuant to District Rule 2002(h), the RECLAIM Facility Permit Holder shall pay a mitigation fee of \$9,676.31 per ton of credits requested plus a non-refundable \$96.45 processing fee.

(16) Evaluation Fee to Increase an Annual Allocation to a Level Greater than a Facility's Starting Allocation Plus Non-Tradable Credits

The Facility Permit Holder submitting an application to increase an annual Allocation to a level greater than the facility's starting allocation plus non-tradable credits pursuant to Rule 2005 - New Source Review shall pay fees for the evaluation of the required demonstration specified in Rule 2005(c)(3). The Facility Permit Holder shall pay an evaluation fee at the rate of \$145.01 per hour.

(m) Title V Facilities

(1) Applicability

The requirements of this subdivision apply only to facilities that are subject to the requirements of Regulation XXX - Title V Permits.

(2) Rule 301 Applicability

All Title V facilities shall be subject to all other provisions of Rule 301 - Permit Fees, except as provided for in this subdivision.

(3) Permit Processing Fees for Existing Facilities with Existing District Permits Applying for an Initial Title V Facility Permit

(A) The applicant shall pay the following initial fee when the application is submitted:

Title V INITIAL Fee				
Number of Devices	1-20	21-75	76-250	251+
Applications submitted on or after July 1, 2005 through June 30, 2006	\$ 1,089.56	\$ 3,486.95	\$ 7,845.97	\$ 13,294.75
Applications submitted on or after July 1, 2006 through June 30, 2007	\$ 1,198.52	\$ 3,835.66	\$ 8,630.59	\$ 14,624.22
Applications submitted on or after July 1, 2007 through June 30, 2008	\$ 1,318.37	\$ 4,219.22	\$ 9,493.63	\$ 16,078.17
Applications submitted on or after July 1, 2008	\$ 1,450.21	\$ 4,641.13	\$ 10,443.00	\$ 17,695.31

To determine the initial fee when the number of devices is not available, the applicant may substitute the number of active equipment. This fee will be adjusted when the Title V permit is issued and the correct number of devices are known.

- (B) The applicant shall, upon notification by the District of the amount due when the permit is issued, pay the following final fee based on the time spent on the application:

Title V FINAL Fee				
Number of Devices	1-20	21-75	76-250	251+
Time Spent in Excess of:	8 Hours	30 Hours	70 Hours	120 Hours
On or after July 1, 2005 through June 30, 2006	\$108.95 per hour; up to a maximum total fee of \$13,300.33	\$108.95 per hour; up to a maximum total fee of \$26,600.65	\$108.95 per hour; up to a maximum total fee of \$65,501.60	\$108.95 per hour; up to a maximum total fee of \$99,752.43
On or after July 1, 2006 through June 30, 2007	\$119.84 per hour; up to a maximum total fee of \$14,630.38	\$119.84 per hour; up to a maximum total fee of \$29,260.71	\$119.84 per hour; up to a maximum total fee of \$73,151.76	\$119.84 per hour; up to a maximum total fee of \$130,039.65
On or after July 1, 2007 through June 30, 2008	\$131.83 per hour; up to a maximum total fee of \$16,093.40	\$131.83 per hour; up to a maximum total fee of \$32,186.79	\$131.83 per hour; up to a maximum total fee of \$80,466.93	\$131.83 per hour; up to a maximum total fee of \$120,700.45
On or after July 1, 2008	\$145.01 per hour; up to a maximum total fee of \$17,702.74	\$145.01 per hour; up to a maximum total fee of \$35,405.45	\$145.01 per hour; up to a maximum total fee of 8 \$90,631.83	\$145.01 per hour; up to a maximum total fee of \$132,770.48

For applicants that did not pay the correct initial fee based on the actual number of devices, the fee when the permit is issued shall

be equal to the correct initial fee less the initial fee actually paid, plus the final fee.

Applications submitted on or prior to January 15, 1998 shall not be subject to the final fee.

- (C) If the facility requests revisions to the existing permit terms or conditions, including permit streamlining, an alternative operating scenario or a permit shield, the facility shall submit additional applications with the applicable fees in subdivisions (c) and (i) for each piece of equipment for which a revision is requested. Evaluation time spent on these additional applications shall be excluded from the time calculated for the billing for initial permit issuance in subparagraph (l)(3)(B).

(4) Permit Processing Fee Applicability

The permit processing fee for a new facility required to obtain a Title V facility permit to construct shall be the sum of all the applicable fees in subdivisions (c) and (i) for all equipment at the facility.

(5) Rule 301 Fee Applicability

The permit processing fee for a facility required to obtain a Title V facility permit because of a modification, pursuant to paragraph (c)(2) of Rule 301, shall be those specified in paragraph (l)(3) plus the sum of all the applicable fees in subdivisions (c) and (i) for all new and modified equipment at the facility.

(6) Administrative Permit Revision Fee

Notwithstanding paragraphs (k)(6), (k)(9), and (m)(3), and except as provided in paragraphs (k)(5), (k)(7), (k)(12), (m)(3), (m)(5) and (m)(8), the permit processing fee for an administrative permit revision shall be a fee of \$912.44.

(7) Permit Revision Fee

The permit processing fees for a minor permit revision, de minimis significant permit revision, or significant permit revision shall be \$912.44 plus the applicable fee in paragraphs (k)(5), (k)(6), (m)(3), and (m)(4). RECLAIM facilities shall only pay the fee specified in paragraph (k)(5).

(8) Renewal Fees

The fees for renewal of a Title V Facility Permit, at the end of the term specified on the permit, shall be an initial processing fee of \$2,072.50 to be paid when the application is submitted; and a final fee of \$145.01 per

hour for time spent on the application in excess of 8 hours, due upon notification by the District of the amount due when the permit is issued.

(9) Public Notice Fees

The holder of, or applicant for, a Title V permit shall either:

- (A)** pay a fee, as specified in Table IIB, for publication of the notice by prominent advertisement in the newspaper of general circulation in the area affected where the facility is located and for the mailing of the notice to persons identified in Rule 212(g), or
- (B)** arrange publication of the above notice independent of the District option. This notice must be by prominent advertisement in the newspaper of general circulation in the area affected where the facility is located.

Where publication is performed by the owner/operator or an independent consultant, the owner/operator of the source shall provide to the Executive Officer a copy of the proof of publication.

(10) Public Hearing Fees

The holder of, or applicant for, a Title V permit shall, upon notification by the District of the amount due, pay fees of \$2,902.72 plus \$902.50 per hour for a public hearing held on a permit action.

(11) Application Cancellation

If a Title V permit application is canceled, the applicant shall pay, upon notification of the amount due, a final fee in accordance with this subdivision. The District shall refund the initial fee only if evaluation of the application has not been initiated.

(12) Notice of Amount Due and Effect of Nonpayment

For fees due upon notification, such notice may be given by personal service or by deposit, postpaid, in the United States mail and shall be due thirty (30) days from the date of personal service or mailing. For the purpose of this paragraph, the fee payment will be considered to be received by the District if it is postmarked by the United States Postal Service on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if it had been postmarked on the expiration date. Nonpayment of the fee within

this period of time will result in permit expiration or revocation of the subject permit(s) in accordance with subdivision (f) of Rule 3002. No further applications will be accepted from the applicant until such time as overdue permit processing fees have been fully paid.

(13) Exclusion Requests

The fees for requesting exclusion or exemption from the Title V program shall be calculated in accordance with Rule 306 – Plan Fees.

(n) All Facility Permit Holders

(1) Applicability

The requirements of this subdivision apply to all non-RECLAIM holders of a Facility Permit.

(2) Rule 301 Applicability

All non-RECLAIM Facility Permit holders or applicants shall be subject to all other provisions of Rule 301 - Permit Fees, except as provided for in this subdivision.

(3) Facility Permit Revision

Except as provided in paragraphs (1)(7) and (1)(8), the permit processing fee for an addition, alteration or revision to a Facility Permit that requires engineering evaluation or causes a change in emissions shall be the sum of applicable fees assessed for each affected equipment as specified in subdivisions (c) and (i).

(4) Change of Operating Condition

The permit processing fee for a Change of Operating Condition that requires engineering evaluation or causes a change in emissions shall be the sum of fees assessed for each equipment or process subject to the change of condition as specified in subdivisions (c) and (i).

(5) Fee for Change of Operator

The Permit Processing Fee for a Change of Operator of a facility permit shall be determined from the Table Summary of Permit Fee Rates –

Change of Operator, Non-Small Business. In addition, an administrative permit revision fee of \$912.44 shall be assessed.

All fees billed within the past 3 years from the date of application submittal that are associated with the facility for equipment for which a Change of Operator or Additional Operator application is filed, and all

facility specific fees (such as “Hot Spots” fees), must be paid before the Change of Operator or Additional Operator application is accepted. If after an application is received and SCAQMD determines that fees are due, the new operator shall pay such fees within 30 days of notification. If the fees are paid timely, the new operator will not be billed for any additional fees billed the previous operator.

(6) Annual Operating Permit Renewal Fee

- (A) Unless otherwise stated within this subdivision, the Facility Permit holder shall be subject to all terms and conditions pursuant to subdivision (d).
- (B) An Annual Operating Permit Renewal Fee shall be submitted by the end of the compliance year. Such fee shall be equal to the sum of applicable annual operating permit renewal fees specified in paragraph (d)(2).
- (C) At least thirty (30) days before the annual renewal date, the owner/operator of equipment under permit will be notified by mail of the amount to be paid and the due date. If such notice is not received at least thirty (30) days before the annual renewal date, the owner/operator of equipment under permit shall notify the District on or before the permit renewal date that said notice was not received. If the Annual Operating Permit Renewal Fee is not paid within thirty (30) days after the due date, the permit will expire and no longer be valid. In such a case, the owner/operator will be notified by mail of the expiration and the consequences of operating equipment without a valid permit as required by District Rule 203 (Permit to Operate). For the purpose of this subparagraph, the fee payment will be considered to be received by the District if it is postmarked by the United States Post Office on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or state holiday as if it had been postmarked on the expiration date.

(7) Certified Permit Copies

A request for a certified copy of a Facility Permit shall be made in writing by the permittee. The permittee shall, at the time a written

request is submitted, pay \$24.96 for the first page and \$1.76 for each additional page in the facility permit.

(8) Reissued Permits

A request for a reissued Facility Permit shall be made in writing by the permittee where there is a name or address change without a change of operator or location. The permittee shall, at the time a written request is submitted, pay \$193.31 for the first page plus \$1.76 for each additional page in the Facility Permit.

(o) Asbestos Fees

Any person who is required by District Rule 1403 - Asbestos Emissions from Demolition/Renovation Activities to submit a written notice of intention to demolish or renovate shall pay at the time of delivery of notification, the Asbestos and Lead Fees specified in Table VI of this rule. Fees are per notification and multiple fees may apply. No notification shall be considered received pursuant to Rule 1403, unless it is accompanied by the required payment. Each revision of a notification shall require a payment of the Revision to Notification fee in Table VI. When a revision involves a change in project size, the person shall pay, in addition to the revision fee, the difference between the fee for the original project size and the revised project size according to Table VI. If the project size does not change for the revision, no additional fees based on project size shall be required. Revisions are not accepted for expired notifications.

For all requests of pre-approved Procedure 5 plans submitted in accordance with Rule 1403(d)(1)(D)(i)(V)(2), the person shall pay the full fee for the first evaluation and shall pay fifty percent (50%) of the applicable fee for each subsequent pre-approved Procedure 5 plan evaluation.

(p) Lead Abatement Notification Fees

A person who is required by a federal or District rule to submit written notice of intent to abate lead shall, at the time of delivery of notification, pay the appropriate renovation and abatement fee specified in Table VI of this rule. Fees are per notification and multiple fees may apply. No notification shall be considered received unless it is accompanied by the required payment. Each revision of a notification shall require a payment of the Revision to Notification fee in Table VI. When a revision involves a change in project size, the person

shall pay, in addition to the revision fee, the difference between the fee for the original project size and the revised project size according to Table VI. If the project size does not change for the revision, no additional fees based on project size shall be required. Revisions are not accepted for expired notifications.

(q) NESHAP Evaluation Fee

- (1) At the time of filing an application for a Change of Operating Conditions submitted solely to comply with the requirements of a NESHAP, a NESHAP Evaluation Fee shall be paid. The fee shall be \$293.38. Additional fees shall be assessed at a rate of \$145.01 per hour for time spent in the evaluation in excess of two (2) hours, to a maximum total fee not to exceed the applicable Change of Conditions Fees listed for each affected piece of equipment as specified in the Summary Permit Fee Rates - Permit Processing, Change of Conditions, Alteration /Modification table and in the Summary ERC Processing Rates – Banking, Change of Title, Alteration/Modification table.
- (2) Payment of all applicable fees shall be due in thirty (30) days from the date of personal service or mailing of the notification of the amount due. Non-payment of the fees within this time period will result in expiration of the permit. For the purpose of this paragraph, the fee payment will be considered to be received by the District if it is postmarked by the United States Postal Service on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the business day following the Saturday, Sunday, or the state holiday, with the same effect as if it had been postmarked on the expiration date. No further applications will be accepted until such time as all overdue fees have been fully paid.

(r) Fees for Certification of Clean Air Solvents

Persons applying for Clean Air Solvent certification shall pay the following fee for each product to be certified:

Gas Chromatograph/Mass Spectrometry Analysis	\$345.18 for five or fewer compounds \$32.03 for each additional compound
Density measurement	\$129.45
Time and material	\$121.44 per person per hour or prorated portion thereof
Clean Air Solvent Certificate	\$176.59

At the time of filing for a Clean Air Solvent certificate, the applicant shall submit a fee of \$772.63 for each product to be tested. Adjustments, including refunds or additional billings, shall be made to the submitted fee as necessary. A Clean Air Solvent Certificate shall be valid for five (5) years from the date of issuance and shall be renewed upon the determination of the Executive Officer that the product(s) containing a Clean Air Solvent continue(s) to meet Clean Air Solvent criteria, and has not been reformulated.

(s) Fees for Certification of Consumer Cleaning Products Used at Institutional and Commercial Facilities

Persons applying for certification of Consumer Cleaning Products Used at Institutional and Commercial Facilities shall pay the following fee for each product to be certified:

Gas Chromatograph/Mass Spectrometry Analysis	\$345.18 for five or fewer compounds \$32.03 for each additional compound
Time and material	\$121.44 per person per hour or prorated portion thereof
Clean Air Choices Cleaner Certificate	\$176.59

At the time of filing for certification of any Consumer Cleaning Products Used at Institutional and Commercial Facilities, the applicant shall submit a fee of \$813.98 for each product to be tested. Adjustments, including refunds or additional billings, shall be made to the submitted fee as necessary. A Consumer Cleaning Products Used at Institutional and Commercial Facilities Certificate shall be valid for three (3) years from the date of issuance and shall be renewed

upon the determination of the Executive Officer that the product(s) certified as a Consumer Cleaning Products Used at Institutional and Commercial Facilities continue(s) to meet Consumer Cleaning Products Used at Institutional and Commercial Facilities criteria, and has not been reformulated.

(t) All Facility Registration Holders

(1) Applicability

The requirements of this subdivision apply to all holders of a Facility Registration.

(2) Rule 301 Applicability

Unless specifically stated otherwise, all Facility Registration holders shall be subject to all other provisions of Rule 301 - Permit Fees.

(3) Fee Applicability to Existing Facilities

Existing facilities entering the Facility Registration Program shall pay no fee if no changes are initiated by actions of the permittee to the existing permit terms or conditions or to the draft Facility Registration prepared by the District.

(4) Duplicate of Facility Registrations

A request for a duplicate of a Facility Registration shall be made in writing by the permittee. The permittee shall, at the time a written request is submitted, pay \$24.96 for the first page and \$1.76 for each additional page in the Facility Registration.

(5) Reissued Facility Registrations

A request for a reissued Facility Registration shall be made in writing by the permittee where there is a name or address change without a change of operator or location, or for an administrative change in permit description or a change in permit conditions to reflect actual operating conditions, which do not require any engineering evaluation, and do not cause a change in emissions. The permittee shall, at the time a written request is submitted, pay \$193.31 for the first equipment listed in the Facility Registration plus \$1.76 for each additional equipment listed in the Facility Registration.

(u) Fees for Non-permitted Emission Sources Subject to Rule 222

(1) Initial Filing Fee

Prior to the operation of the equipment, the owner/operator of an

emission source subject to Rule 222 shall pay to the District an initial non-refundable non-transferable filing and processing fee of \$177.03 for each emission source.

(2) **Change of Operator/Location**

If the owner/operator or the location of an emission source subject to Rule 222 changes, the current owner/operator must file a new application for Rule 222 and pay to the District an initial non-refundable non-transferable filing and processing fee of \$177.03 for each emission source.

(3) **Annual Renewal Fee**

On an annual re-filing date set by the Executive Officer the owner/operator of a source subject to Rule 222 shall pay a renewal fee of \$177.03 (except for non-retrofitted boilers). At least thirty (30) days before such annual re-filing date, all owners/operators of emission sources subject to Rule 222 will be notified by either electronic or regular mail of the amount to be paid and the due date for the annual re-filing fee.

(4) **Notification of Expiration**

If the annual re-filing fee is not paid within thirty (30) days after the due date, the filing will expire and no longer be valid. In such case, the owner/operator will be notified by either electronic or regular mail of the expiration and the consequences of operating equipment without a valid Rule 222 filing.

(5) **Reinstating Expired Filings**

To re-establish expired filings, the owner/operator of a source subject to Rule 222 shall pay a reinstatement fee of fifty percent (50%) of the amount of fees due per emission source. Payment of all overdue fees shall be made in addition to the reinstatement surcharge. Payment of such fees shall be made within one year of the date of expiration. If the period of expiration has exceeded one year or the affected equipment has been altered, the owner/operator of an emission source subject to Rule 222 shall file a new application and pay all overdue fees.

(v) **Fees for Expedited Processing Requests**

An applicant has the option to request expedited processing for an application for a permit, CEQA work, an application for an ERC/STC, Air Dispersion Modeling,

HRA, Source Test Protocols and Report Fees and Asbestos Procedure 4&5 notifications. A request for expedited processing pursuant to this section shall be made upon initial application submittal. Expedited processing is intended to be performed by District Staff strictly during overtime work. Approval of such a request is contingent upon the District having necessary procedures in place to implement an expedited processing program and having available qualified staff for overtime work to perform the processing requested. The applicant shall be notified whether or not the request for expedited processing has been accepted within 30 days of submittal of the request. If the request for expedited processing is not accepted by the District, the additional fee paid for expedited processing will be refunded to the applicant.

(1) Permit Processing Fee

Fees for requested expedited processing of permit applications will be an additional fee of fifty percent (50%) of the applicable base permit processing fee (after taking any discounts for identical equipment but not the higher fee for operating without a permit) by equipment schedule. For schedule F and higher, expedited processing fees will include an additional hourly fee when the processing time exceeds times as indicated in column 1 below; but not to exceed the total amounts in column 4, based on the applicable schedule as follows:

<u>Processing Time Exceeding</u>	<u>Schedule</u>	<u>Added Base Hourly Fee \$</u>	<u>Maximum Added Base Cap Fee \$</u>
99 hours	F	\$217.52	\$40,885.07
117 hours	G	\$217.52	\$70,045.73
182 hours	H	\$217.52	\$89,062.98

(2) CEQA Fee

Fees for requested expedited CEQA work will be an additional fee based upon actual review and work time billed at a rate for staff overtime which is equal to the staff's hourly rate of \$145.01 plus \$75.21 per hour (one half of hourly plus mileage). The established CEQA fees found in the provisions of Rule 301(i) shall be paid at the time of filing with the additional overtime costs billed following permit issuance. Notwithstanding other provisions of this section, fees are due at the time specified in the bill which will allow a reasonable time for payment. This

proposal is contingent upon the ability of the District to implement the necessary policies and procedures and the availability of qualified staff for overtime work.

(3) CEMS, FSMS, and ACEMS Fee

Fees for requested expedited processing of CEMS, FSMS, and ACEMS applications will be an additional fee based upon actual review and work time billed at a rate for staff overtime which is equal to the staff's hourly rate of \$145.01 plus \$75.21 per hour (one half of hourly plus mileage). The established "Basic Fee" schedule found in the CEMS, FSMS, and ACEMS Fee Schedule in TABLE IIC shall be paid at the time of filing with the additional overtime costs billed following project completion. Notwithstanding other provisions of this section, fees are due at the time specified in the bill which will allow a reasonable time for payment. A request for expedited CEMS, FSMS, and ACEMS application work can only be made upon initial work submittal, and approval of such a request is contingent upon the ability of the District to implement the necessary policies and procedures and the availability of qualified staff for overtime work.

(4) Air Dispersion Modeling, HRA, Source Test Protocols and Reports Fees

Fees for requested expedited review and evaluation of air dispersion modelings, health risk assessments, source test protocols and source test reports will be an additional fee based upon actual review and work time billed at a rate for staff overtime which is equal to the staff's hourly rate of \$121.44 plus \$62.99 per hour (one half of hourly plus mileage).

(5) ERC/STC Application Fees

Fees for requested expedited review and evaluation of ERC/STC application fees will be an additional fee based upon actual review and work time billed at a rate for staff overtime which is equal to the staff's hourly rate of \$145.01 plus \$75.21 per hour (one half of hourly plus mileage).

(6) Procedure 4 & 5 Evaluation

Fees for requested expedited reviews and evaluation of Procedure 4 or 5 plans per Rule 301(n) Asbestos Fees will be an additional fee of fifty percent (50%) of the Procedure 4 & 5 plan evaluation fee.

(w) Enforcement Inspection Fees for Statewide Portable Equipment Registration Program (PERP)

(1) Registered Portable Equipment Unit Inspection Fee

Registered portable equipment units are those which emit PM10 in excess of that emitted by an associated engine alone. An hourly fee of \$98.00 shall be assessed for a triennial portable equipment unit inspection, including the subsequent investigation and resolution of violations, if any, of applicable state and federal requirements, not to exceed \$500.00 per unit.

(2) Registered Tactical Support Equipment (TSE) Inspection Fee

Registered TSE includes registered equipment using a portable engine, including turbines, that meet military specifications, owned by the U.S. Department of Defense, the U.S. military services, or its allies, and used in combat, combat support, combat service support, tactical or relief operations, or training for such operations.

(A) To determine compliance with all applicable state and federal requirements, each registered TSE unit will be inspected once per calendar year.

(i) For registered TSE units determined to be in compliance with all applicable state and federal requirements during the annual inspection:

(a) A fee for the annual inspection of a single registered TSE unit shall be assessed at a unit cost of \$75.00.

(b) A fee for annual inspection of two or more registered TSE units at a single location shall be assessed at the lesser of the following costs:

(1) The actual time to conduct the inspection at the rate of \$100.25 per hour; or

(2) A unit cost of \$75.00 per registered TSE unit inspected.

(ii) For registered TSE units determined to be out of compliance with one or more applicable state or federal requirements during the annual inspection, fees for the annual inspection (including the subsequent investigation and resolution of the violation) shall be assessed at the lesser of the following costs:

(1) The actual time to conduct the inspection at the rate of \$100.25 per hour; or

(2) A unit cost of \$75.00 per registered TSE unit inspected.

(3) Off-hour Inspection Fee

In addition to the inspection fees stated above, any arranged inspections requested by the holder of the registration that are scheduled outside of District normal business hours may be assessed an additional off-hour inspection fee of \$40.96 per hour for the time necessary to complete the inspection.

(4) Notice to Pay and Late Payment Surcharge

A notice to pay the inspection fees will be mailed to the registration holder. Fees are due and payable immediately upon receipt of the notice to pay. All inspection fees required under this section are due within 30 days of the invoice date. If fee payment is not received by the thirtieth (30th) day following the date of the notice to pay, the fee shall be considered late and, a late payment surcharge of \$70.11 per portable engine or equipment unit shall be imposed, not to exceed \$138.73 for any notice to pay. For the purpose of this subparagraph, the inspection fee payment shall be considered to be timely received by the District if it is postmarked by the United States Postal Service on or before the thirtieth (30th) day following the date of the notice to pay. If the thirtieth (30th) day falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if it had been postmarked on the thirtieth (30th) day. Failure to pay the inspection fees and any late payment surcharge within 120 days of the date of the initial notice to pay may result in the suspension or revocation of the registration by CARB. Once a registration has been suspended, CARB will not consider reinstatement until all fees due, including late payment surcharge fees, have been paid in full.

(x) Rules 1149 and Rule 1166 Notification Fees

Any person who is required by the District to submit a written notice pursuant to Rule 1149, Rule 1166 or for soil vapor extraction projects shall pay a notification fee of \$56.28 per notification.

- (y) Fees for the Certification of Equipment Subject to the Provisions of Rules 1111, 1121 and 1146.2
 - (1) Initial Certification Fee

Any person requesting certification pursuant to rules 1111, 1121 or 1146.2 shall pay a fee of \$518.71 per certification letter for each family of model series certified. This fee shall be paid in addition to the fees paid to review any associated source test report(s).
 - (2) Additional Fees for Modification or Extension of Families to Include a New Model(s)

Any person requesting a modification or extension of a certification already issued to include a new model(s) shall pay an additional fee of \$259.37 for certification of new models added by extension to the previously certified model series per request.
 - (3) Failure to pay all certification fees shall result in the revocation of each certified piece of equipment that was evaluated for which fee payment has not been received within 30 days after the due date.

- (z) “No Show” Fee for Rule 461 – Gasoline Dispensing Equipment Scheduled Testing
 - (1) Reverification, and Performance Testing

If a testing company does not show for a Reverification test, or Performance test within one hour of its original scheduled time, and an SCAQMD inspector arrives for the inspection, a “No Show” fee of \$381.41 shall be charged to the testing company.
 - (2) Pre-Backfill Inspection

If a contracting company is not ready for a Pre-Backfill inspection of its equipment at the original scheduled time, and/or did not notify the SCAQMD inspector of postponement/cancellation at least three hours prior to the scheduled time, a “No Show” fee of \$381.41 shall be charged to the contracting company.

(aa) Defense of Permit

Within 10 days of receiving a complaint or other legal process initiating a challenge to the SCAQMD's issuance of a permit, the SCAQMD shall notify the applicant or permit holder in writing. The applicant or permit holder may, within 30 days of posting of the notice, request revocation of the permit or cancellation of the application. An applicant or permit holder not requesting revocation or cancellation within 30 days of receipt of notice from the District shall be responsible for reimbursement to the District for all reasonable and necessary costs to defend the issuance of a permit or permit provisions against a legal challenge, including attorney's fees and legal costs. The Executive Officer will invoice the applicant or permit holder for fees and legal costs at the conclusion of the legal challenge. The SCAQMD and the applicant or permit holder will negotiate an indemnity agreement within 30 days of the notice by SCAQMD to the facility operator. The agreement will include, among other things, attorneys' fees and legal costs. The Executive Officer or designee may execute an indemnity agreement only after receiving authorization from the Administrative Committee. The Executive Officer may in his discretion, waive all or any part of such costs upon a determination that payment for such costs would impose an unreasonable hardship upon the applicant or permit holder.

(ab) Temporary Rebate of CPI Adjustment

For FY 2010-2011, owners or operators subject to and paying fees pursuant to the following paragraphs –

(d)(2) Annual Operating Fees

(e)(1) Annual Operating Emission Fee Applicability

(e)(4) Flat Annual Operating Emission Fee

(e)(7) Fee for Toxic Air contaminants or Ozone Depleters

shall be rebated the fee increase corresponding to the 2.1% CPI adjustment.

**SUMMARY PERMIT FEE RATES -
PERMIT PROCESSING, CHANGE OF CONDITIONS,
ALTERATION/MODIFICATION**

Schedule	Permit Processing Fee	Change of Condition	Alteration/ Modification
A	\$1,391.92	\$725.03	\$1,391.92
A1	\$1,391.92	\$725.03	\$1,391.92
B	\$2,218.39	\$1,098.98	\$2,218.39
B1	\$3,508.86	1,901.97	\$3,508.86
C	\$3,508.86	1,901.97	\$3,508.86
D	\$4,842.82	\$3,252.87	\$4,842.82
E	\$5,567.77	\$4,776.01	\$5,567.77
F	\$13,992.14 +T&M	\$6,972.66	\$11,092.01+T&M
G	\$16,515.06+T&M	\$11,832.14	\$13,614.93+T&M
H	\$25,591.65+T&M	\$15,002.18	\$22,691.52+T&M

F: T&M = Time and Material charged at \$145.01 per hour above 99 hours; not to exceed \$27,256.72

G: T&M = Time and Material charged at \$145.01 per hour above 117 hours; not to exceed \$46,697.13

H: T&M = Time and Material charged at \$145.01 per hour above 182 hours; not to exceed \$59,375.32

**SUMMARY OF ERC PROCESSING RATES, BANKING, CHANGE OF TITLE,
ALTERATION/MODIFICATION, ~~and~~ CONVERSION TO SHORT TERM
CREDITS, RE-ISSUANCE OF SHORT TERM CREDITS, ~~and~~ RETIREMENT OF
SHORT TERM CREDITS FOR TRANSFER INTO RULE 2202, ~~and~~ **TRANSFER**
OF ERCs OUT OF RULE 2202**

Schedule	Banking Application	Change of Title	Alteration/ Modification	Conversion to Short Term Credits	Re-issuance of Short Term Credits	<u>Retirement of Short Term Emission Credits for Transfer into Rule 2202 and Transfer of ERCs Out of Rule 2202</u>
I	\$3,591.71	\$634.46	\$634.46	\$634.46	\$634.46	<u>\$230.00</u>

**SUMMARY OF PERMIT FEE RATES
CHANGE OF OPERATOR^a**

Small Business	Non-Small Business
\$193.31	\$530.89

^aThe change of operator fee for Non-RECLAIM Title V facilities shall not exceed \$6,603.20 per facility and for all other Non-RECLAIM facilities shall not exceed \$13,206.39 per facility.

Proposed Amended Rule 301 (Cont.)

TABLE IA - PERMIT FEE RATES FOR CONTROL EQUIPMENT

Equipment/Process	Schedule
Abatement System/HEPA, Asbestos, Lead	B
Activated Carbon Adsorber, Venting Single Source (s.s.=single source)	B
Activated Carbon Adsorber, Venting Multiple Source (m.s.=multiple sources)	C
Activated Carbon Adsorber, Other	D
Activated Carbon Adsorber, Drum Venting Toxic Source (t.s = toxic source)	C
Activated Carbon Adsorber, with regeneration	E
Afterburner (≤ 1 MMBTU/hr, venting s.s.)	B
Afterburner (< 1 MMBTU/hr, venting m.s.)	C
Afterburner, Catalytic for Bakery Oven	C
Afterburner, Direct Flame	D
Afterburner/Oxidizer: Regenerative Ceramic/Hot Rock Bed Type, Recuperative Thermal	D
Afterburner/Oxidizer, Catalytic	D
Air Filter, Custom	C
Amine (or DEA) Regeneration Unit ¹	D
Amine Treating Unit ¹	D
Baghouse, Ambient ($\leq 100 \text{ FT}^2$)	A
Baghouse, Ambient ($> 100 - 500 \text{ FT}^2$)	B
Baghouse, Ambient ($> 500 \text{ FT}^2$)	C
Baghouse, Hot ($> 350 \text{ F}$)	D
Biofilter ($\leq 100 \text{ cfm}$)	B
Biofilter ($> 100 \text{ cfm}$)	C
Boiler as Afterburner	D
CO Boiler	F
Condenser	C
Control Systems, two in series	C
Control Systems, three in series	D
Control Systems, four or more in series	E
Control Systems, Venting Plasma Arc Cutters	B1
Cyclone	B
Dry Filter ($\leq 100 \text{ FT}^2$)	A
Dry Filter ($> 100 - 500 \text{ FT}^2$)	B
Dry Filter ($> 500 \text{ FT}^2$)	C

Equipment/Process	Schedule
Dust Collector/HEPA, other Rule 1401 toxics	C
Electrostatic Precipitator, Restaurant	B
Electrostatic Precipitator, Asphalt Batch Equipment	C
Electrostatic Precipitator, Extruder	B
Electrostatic Precipitator, $< 3000 \text{ CFM}$	B
Electrostatic Precipitator, $\geq 3000 \text{ CFM}$	D
Electrostatic Precipitator for Fluid Catalytic Cracking Unit (FCCU)	H
Ethylene Oxide Sterilization, Control, Hospital	B
Flare, Landfill/Digester Gas, Enclosed	E
Flare, Landfill/Digester Gas, Open	C
Flare, Portable	B
Flare System, Refinery ²	F
Flare Other	C
Flue Gas Desulfurization ¹	D
Gas Absorption Unit ³	D
Gas Scrubbing System ¹	F
Incinerator, Afterburner	D
Mesh pads, for toxics gas stream	C
Mesh pads, for other acid mists	B
Mist Control	B
Mist Eliminator with HEPA	C
Negative Air Machine/HEPA, Asbestos, Lead	A
Non-Selective Catalytic Reduction	B
Odor Control Unit	D
Relief and Blowdown System ⁴	D
Scrubber, Biofiltration	C
Scrubber Controlling NO_x venting	D
Scrubber Controlling SO_x venting	D
Scrubber Controlling HCL or NH_3 venting s.s.	B
Scrubber Controlling HCL or NH_3 venting m.s.	C
Scrubber, NO_x , multistage	D
Scrubber, NO_x , single stage	C
Scrubber, Odor, $< 5000 \text{ cfm}$	C
Scrubber, Other venting s.s.	B
Scrubber, Other venting m.s.	C

Proposed Amended Rule 301 (Cont.)

TABLE IA - PERMIT FEE RATES FOR CONTROL EQUIPMENT

Equipment/Process	Schedule
Scrubber, Other Chemical venting s.s.	B
Scrubber, Other Chemical venting m.s.	D
Scrubber, Particulates venting s.s.	B
Scrubber, Particulates venting m.s.	C
Scrubber, Particulates venting t.s.	D
Scrubber, Restaurant	B
Scrubber, Toxics venting	D
Scrubber, Venturi venting s.s.	B
Scrubber, Venturi venting m.s.	C
Scrubber, Venturi venting t.s.	C
Scrubber, Water (no packing)	B
Selective Catalytic Reduction (SCR)	C
Settling Chamber	B
Ship Hold Hatch Cover	A
Slop Oil Recovery System	D
Sour Water Oxidizer Unit ⁵	D
Sour Water Stripper ⁶	D
Sparger	B
Spent Acid Storage & Treating Facility ⁷	E
Spent Carbon Regeneration System	D
Spent Caustic Separation System ⁸	D
Spray Booth/Enclosure, Other	B
Spray Booth/Enclosure, Powder Coating System with single or multiple APC for particulates	B
Spray Booth, Metallizing	C
Spray Booth with Carbon Adsorber (non-regenerative)	C
Spray Booths (multiple) with Carbon Adsorber (non-regenerative)	D
Spray Booth(s) with Carbon Adsorber (regenerative)	E
Spray Booth(s) (1 to 5) with Afterburner/Oxidizer (Regenerative/Recuperative)	D
Spray Booths (>5) with Afterburner/Oxidizer (Regenerative/Recuperative)	E
Spray Booth, Automotive, with Multiple VOC Control Equipment	C
Spray Booth with Multiple VOC Control	D
Spray Booths (multiple) with Multiple VOC Control Equipment	E

Storm Water Handling & Treating System ⁹	E
Equipment/Process	Schedule
Sulfur Recovery Equipment ⁷	H
Tail Gas Incineration	D
Tail Gas Unit ¹⁰	H
Storage Tank, Degassing Unit	D
Ultraviolet Oxidation	D
Vapor Balance System ¹¹	B
Vapor Recovery, Serving Crude Oil Production ¹¹	D
Vapor Recovery, Serving Refinery Unit ¹¹	E
Waste Gas Incineration Unit	E

¹ Including, but not limited to, all or part of the following: Accumulators, Columns, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels

² Including, but not limited to, all or part of the following: Flare, Compressors, Drums, Knock Out Pots, Pots, Vessels

³ Including, but not limited to, all or part of the following: Accumulators, Columns, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels

⁴ Including, but not limited to, all or part of the following: Compressors, Drums, Knock Out Pots, Pots

⁵ Including, but not limited to, all or part of the following: Accumulators, Columns, Drums, Knock Out Pots, Tanks, Vessels

⁶ Including, but not limited to, all or part of the following: Condensers, Coolers, Drums, Sumps, Vessels

⁷ Including, but not limited to, all or part of the following: Accumulators, Clarifier, Columns, Compressors, Condensers, Drums, Filters, Filter Presses, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, towers, Vessels

⁸ Including, but not limited to, all or part of the following: Process Tanks, Separators, Tanks

⁹ Including, but not limited to, all or part of the following: Air Floatation Units, Floatation Units,

Proposed Amended Rule 301 (Cont.)

TABLE IA - PERMIT FEE RATES FOR CONTROL EQUIPMENT

Filter Presses, Clarifiers, Settling Tanks, Waste
Water Separators, Tanks

¹⁰ Including, but not limited to, all or part of the
following: Absorbers, Condensers, Coolers,
Drums, Heat Exchangers, Knock Out Pots,
Reactors, Tanks, Vessels

¹¹ Including, but not limited to, all or part of the
following: Absorbers, Compressors, Condensers,
Knock Out Pots, Pumps, Saturators

Proposed Amended Rule 301 (Cont.)

TABLE IB - PERMIT FEE RATES FOR BASIC EQUIPMENT

Equipment/Process	Schedule
Abatement System, Asbestos, Lead	B
Abrasive Blasting (Cabinet, Mach., Room)	B
Abrasive Blasting (Open)	A
Absorption Chillers, Gas-Fired, < 5 MM Btu/hr	B
Absorption Chillers, Gas-Fired, => 5 MM Btu/hr	C
Acetylene Purification System Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	C
Acid Treating Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Adhesives Organic Additions Including, but not limited to, all or part of the following: Reactors, Mixers, Process Tanks, Vessels	C
Adsorption Chillers, Gas-Fired, < 5 MM Btu/hr	B
Adsorption Chillers, Gas-Fired, => 5 MM Btu/hr	C
Adsorption, Other	B
Aeration Potable Water	C
Aggregate, Tank Truck Loading/Conveying Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Feeders, Hoppers, Weigh Stations	B
Aggregate Production, with Dryer Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Dryers, Feeders, Hoppers, Crushers, Cyclones, Log Washers, Mixers, Screens, Vibrating Grizzlies, Weigh Stations	E

Equipment/Process	Schedule
Aggregate Production/Crushing (<5000 tpd) Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Feeders, Hoppers, Crushers, Cyclones, Log Washers, Mixers, Screens, Vibrating Grizzlies, Weigh Stations	C
Aggregate Production/Crushing (=>5000 tpd) Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Feeders, Hoppers, Crushers, Cyclones, Log Washers, Mixers, Screens, Vibrating Grizzlies, Weigh Stations	D
Aggregate Screening Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Feeders, Hoppers, Cyclones, Screens, Weigh Stations	C
Air Strippers	C
Aircraft Fueling Facility Including, but not limited to, all or part of the following: Storage Tanks, Dispensing Nozzles	D
Alkylolation Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Ammonia Mfg. Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Coolers, Drums, Ejectors, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	C
Ammonia Vaporization Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Coolers, Drums, Ejectors, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	C

Proposed Amended Rule 301 (Cont.)**TABLE IB - PERMIT FEE RATES FOR BASIC EQUIPMENT**

Equipment/Process	Schedule
Animal Feed Processing, Conveying Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Bucket Elevators	B
Animal Feed Processing, Other Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Bucket Elevators, Mixers, Feeders, Grinders	C
Anodizing (sulfuric, phosphoric)	B
Aqueous Ammonia Transfer & Storage	C
Aromatics Recovery Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Asphalt Air Blowing	B
Asphalt Blending/Batching Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Cyclones, Dryers, Feeders, Hoppers, Knock Out Pots, Mixers, Screens, Tanks, Weigh Stations	E
Asphalt Coating	C
Asphalt Day Tanker/Tar Pot	A
Asphalt Refining Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Asphalt Roofing Line Including, but not limited to, all or part of the following: Pumps, Conveyors, Process Tanks, Coater Operations, Cutters	C
Asphalt Roofing Saturator	D
Asphalt-Rubber Spraying	B
Auto Body Shredding	C
Autoclave, Non-sterilizing Type	B
Battery Charging/Manufacturing Including, but not limited to, all or part of the following: Cutters, Crushers, Separators, Process Tanks, Conveyors	C

Proposed Amended Rule 301 (Cont.)

TABLE IB - PERMIT FEE RATES FOR BASIC EQUIPMENT

Equipment/Process	Schedule
Benzene/Toluene/Xylene Production Equip. Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Beryllium Machining and Control Including, but not limited to, all or part of the following: Machining Operations, Filters, Baghouses,	C
Bleach Manufacturing Including, but not limited to, all or part of the following: Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Tanks, Towers, Vessels	B
Blending, Other	B
Boiler/hot water heater, various locations, diesel/oil fired (<300,000 BTU/hr)	A
Boiler/hot water heater, single facility, portable, diesel/oil fired (<600,000 BTU/hr)	A
Boiler, Landfill/Digester Gas (< 5 MMBTU/hr)	B
Boiler, Landfill/Digester Gas (5 to 20 MMBTU/hr)	C
Boiler, Landfill/Digester Gas (>20 to 50 MMBTU/hr)	D
Boiler, Landfill/Digester Gas (>50 MMBTU/hr)	F
Boiler, Natural gas-fired, 5 – 20 MM BTU/hr	C
Boiler, Other Fuel (<5MMBTU/hr)	B
Boiler, Other Fuel (5 - 20 MMBTU/hr)	C
Boiler, Other Fuel (>20 - 50 MMBTU/hr)	D
Boiler, Other Fuel (> 50 MMBTU/hr)	E
Boiler, Utility (> 50 MW)	H
Brake Shoes, Grinding, Bonding and Debonding, Deriveter	B
Bulk Chemical Terminal	B
Bulk Loading/Unloading Stn .(< 50,000 GPD)	B
Bulk Loading/Unloading Rack (50,000 - 200,000 GPD)	D
Bulk Loading/Unloading Rack (> 200,000 GPD)	E
Bulk Loading/Unloading	C

Equipment/Process	Schedule
Carpet Processing System Including, but not limited to, all or part of the following: Process Tanks, Dryers, Carpet Beaters, Carpet Shears	D
Catalyst Handling System Including, but not limited to, all or part of the following: Centrifuge, Bins, Conveyors, Hoppers, Cyclones, Screens, Tanks, Weigh Stations	C
Catalyst Mfg./Calcining Including, but not limited to, all or part of the following: Bins, Conveyors, Reactors, Mixers, Process Tanks, Kilns	D
Catalyst Storage (Hoppers)	C
Catalytic Reforming Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Caustic Treating Unit Including, but not limited to, all or part of the following: Knock Out Pots, Tanks, Towers, Vessels	E
Cement Marine Loading & Unloading Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Loading & Unloading Arms, Weigh Stations	E
Cement Packaging Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Weigh Stations	C
Cement Truck Loading	C
Charbroiler, Eating Establishment	A
Charbroiler with Integrated Control	B
Charbroiler, Food Manufacturing	C
Chemical Additive Injection System Including, but not limited to, all or part of the following: Injectors, Compressors, Pumps	C
Chip Dryer	D
Circuit Board Etchers	B
Cleaning, Miscellaneous	B

Proposed Amended Rule 301 (Cont.)**TABLE IB - PERMIT FEE RATES FOR BASIC EQUIPMENT**

Equipment/Process	Schedule
Coal Bulk Loading Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Loading Arms, Weigh Stations	E
Coal Research Pilot / Equip (0-15 MMBTU/hr)	C
Coal Research Pilot / Equip (>15 MMBTU/hr)	D
Coal Tar Treating Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	C
Coating & Drying Equipment, Continuous Organic, Web Type Including, but not limited to, all or part of the following: Coater Operations, Process Tanks, Dryers	C
Coffee Roaster < 50 lbs capacity with integrated afterburner	B
Coffee Roasting, (11-49 lb roaster capacity Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Roasters, Coolers	A
Coffee Roasting, 50-99 lb roaster capacity Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Roasters, Coolers	B
Coffee Roasting, 100 lb or more roaster capacity Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Roasters, Coolers	C
Coke Handling & Storage Facility Including, but not limited to, al or part of the following: Centrifuge, Bins, Conveyors, Clarifier, Hoppers, Cyclones, Screens, Tanks, Weigh Stations	E
Composting, in vessel Including, but not limited to, all or part of the following: Bins, Conveyors, Hoppers	C

Proposed Amended Rule 301 (Cont.)

TABLE IB - PERMIT FEE RATES FOR BASIC EQUIPMENT

Equipment/Process	Schedule
Concrete/Asphalt Crushing Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Feeders, Hoppers, Crushers, Cyclones, Screens, Vibrating Grizzlies, Weigh Stations	C
Concrete Batch Equipment Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Dryers, Feeders, Hoppers, Crushers, Cyclones, Log Washers, Mixers, Screens, Vibrating Grizzlies, Weigh Stations	C
Confined Animal Facility	A
Container Filling, Liquid	B
Conveying, Other	B
Cooling Tower, Petroleum Operations	C
Cooling Tower, Other	B
Core Oven	B
Cotton Ginning System Including, but not limited to, all or part of the following: Hoppers, Conveyors, Separators, Screens, Classifiers, Mixers	D
Crankcase Oil, Loading and Unloading	C
Crematory	C
Crude Oil, Cracking Catalytic Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	G
Crude Oil, Distillation Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Crude Oil/Gas/Water Separation System (< 30 BPD)** Including, but not limited to, all or part of the following: Adsorbers, Oil Water Separators, Oil Gas Water Separators, Pits, Sumps, Tanks, Vessels	C

Equipment/Process	Schedule
Crude Oil/Gas/Water Separation System, (>= 30 BPD & < 400 BPD)** Including, but not limited to, all or part of the following: Adsorbers, Oil Water Separators, Oil Gas Water Separators, Pits, Sumps, Tanks, Vessels	C
Crude Oil/Gas/Water Separation System, (>= 400 BPD)** Including, but not limited to, all or part of the following: Adsorbers, Oil Water Separators, Oil Gas Water Separators, Pits, Sumps, Tanks, Vessels	E
Decorating Lehr	C
Decorator	B
Deep-Fat Fryer	C
Dehydration Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	C
Degreaser, Cold Solvent Dipping	B
Degreaser, Cold Solvent Spray	C
Degreaser, (<= 1 lb VOC/day)	B
Degreaser (> 1 lb VOC/day)	B
Degreaser, (VOCw/Toxics)	C
Delayed Coking Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Deposition on Ceramics (< 5 pieces)	B
Deposition on Ceramics (5 or more pieces)	C
Desalting Unit Including, but not limited to, all or part of the following: Mixers, Pumps, Reactors, Settling Tanks, Sumps, Tanks, Vessels	C
Die Casting Equipment	C

Proposed Amended Rule 301 (Cont.)**TABLE IB - PERMIT FEE RATES FOR BASIC EQUIPMENT**

Equipment/Process	Schedule
Digester Gas Desulfurization System Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Tanks, Towers, Vessels	C
Dip Tank, Coating	B
Dip Tank, (<=3 gal/day)	B
Distillation, Other Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	C
Drilling Rig, Crude Oil Prod.	C
Drop Forge	B
Dry Cleaning & Associated Control Equipment	A
Dryer for Organic Material	C
Drying/Laundry	A
Drying, Other	B
Emission Reduction Credits [Rule 301(c)(4) and (c)(5)]	I
End Liner, Can	B
Ethylene Oxide Sterilization, Hospital	B
Evaporation, Toxics	C
Evaporator, Other	B
Extraction - Benzene Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	C
Extruder	B
Extrusion System (Multiple Units) Including, but not limited to, all or part of the following: Extruders	C
Fatty Acid Mfg.	C
Feathers, Size Classification	A
Feed Handling (combining conveying and loading)	D

Equipment/Process	Schedule
Fermentation/Brewing Including, but not limited to, all or part of the following: Hoppers, Conveyors, Brew Kettles	C
Fertilizer, Natural, Packaging/ Processing Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Loading Arms, Weigh Stations	B
Fertilizer, Synthetic, Production Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Mixers, Dryers, Process Tanks, Reactors, Hoppers, Loading Arms, Weigh Stations	C
Fiberglass Panel Mfg Including, but not limited to, all or part of the following: Conveyors, Mixers, Reactors, Process Tanks, Cutters	C
Filament Winder, Rule 1401 Toxics	C
Filament Winder, Other	B
Filling Machine, Dry Powder	C
Film Cleaning Machine	B
Flour Handling (combining conveying, packaging, and loadout)	E
Flour Manufacturing (combining milling and conveying)	E
Flour Milling Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Mills, Weigh Stations	D
Flow Coater	B
Fluid Catalytic Cracking Equipment Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	H
Fluid Elimination, Waste Water	B
Foam-in-Place Packaging	A
Food Processing Grinding, Blending, Packaging, Conveying, Flavoring	C

Proposed Amended Rule 301 (Cont.)

TABLE IB - PERMIT FEE RATES FOR BASIC EQUIPMENT

Equipment/Process	Schedule
Fractionation Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Fruit and Vegetable Treating	A
Fuel Gas Mixer	C
Fuel Gas, Treating Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Scrubbers, Settling Tanks, Towers, Vessels	D
Fuel Storage & Dispensing Equipment (Rule 461) Including, but not limited to, all or part of the following: Storage Tanks, Dispensing Nozzles	A
Fumigation	A
Furnace, Arc	D
Furnace, Burn-Off, Armature	C
Furnace, Burn-Off, Drum	D
Furnace, Burn-Off, Engine Parts	C
Furnace, Burn-Off, Paint	C
Furnace, Burn-Off, Wax	C
Furnace, Burn-Off, Other	C
Furnace, Cupola	D
Furnace, Electric, Induction and Resistance	C
Furnace, Frit	C
Furnace, Galvanizing	C
Furnace, Graphitization and Carbonization	C
Furnace, Heat Treating	B
Furnace, Other Metallic Operations	C
Furnace, Pot/Crucible	C
Furnace, Reverberatory	D
Furnace, Wire Reclamation	C
Garnetting, Paper/Polyester Including, but not limited to, all or part of the following: Feeders, Conveyors, Condensers, Cutters	C

Equipment/Process	Schedule
Gas Plant Including, but not limited to, all or part of the following: Accumulators, Columns, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Re-generators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Gas Turbine, Landfill/Digester Gas, <0.3MW	B
Gas Turbine, Landfill/Digester Gas, =>0.3 MW	E
Gas Turbine, <=50 MW, other fuel	D
Gas Turbine, >50 MW, other fuel	G
Gas Turbine, Emergency, <0.3 MW	A
Gas Turbine, Emergency, =>0.3 MW	C
Gas Turbines (Microturbines only)	A
Gas-Oil Cracking Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Gasoline, In-line Blending Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	D
Gasoline, Refining Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	D

Proposed Amended Rule 301 (Cont.)

TABLE IB - PERMIT FEE RATES FOR BASIC EQUIPMENT

Gasoline, Separation - Liquid Production Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	D
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Groundwater Treatment System Including, but not limited to, all or part of the following: Air Strippers, Adsorbers, Process Tanks	C
Gypsum, Calcining Including, but not limited to, all or part of the following: Air Classifiers, Bins, Conveyors, Bucket Elevators, Hoppers, Kilns, Weigh Stations	E

Equipment/Process	Schedule
Gasoline, Vapor Gathering System Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	D
Gasoline Blending Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Scrubbers, Settling Tanks, Towers, Vessels	E
Gasoline Fractionation Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	F
Gasoline Transfer & Dispensing Facility (See Fuel Storage & Dispensing Equipment)	
Glass Forming Machine	C
Glass Furnace < 1TPD	B
Glass Furnace, > 1 - 50 TPD Pull	D
Glass Furnace, > 50 TPD Pull	E
Grain Cleaning Including, but not limited to, all or part of the following: Air Classifiers, Bins, Conveyors, Bucket Elevators, Hoppers, Mills, Screens, Weigh Stations	C
Grain Handling (combining storage and cleaning)	E
Grain Storage	C
Grinder, Size Reduction	B

Equipment/Process	Schedule
Halon/Refrigerants, Recovery and Recycling Equipment	A1
Heater, (<5 MMBTU/hr)	B
Heater, (5 - 20 MMBTU/hr)	C
Heater, (>20-50 MMBTU/hr)	D
Heater, (>50 MMBTU/hr)	E
Hot End Coating, (Glass Mfg. Plant)	B
Hydrant Fueling, Petrol. Middle Distillate Including, but not limited to, all or part of the following: Storage Tanks, Dispensing Nozzles	D
Hydrocarbons, Misc., Treating Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	D
Hydrogen Desulfurization (HDS) Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	F
Hydrogen Production Equipment Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	F

Proposed Amended Rule 301 (Cont.)

TABLE IB - PERMIT FEE RATES FOR BASIC EQUIPMENT

Hydrotreating Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
IC Engine, (51-500 HP) Cogeneration	B
IC Engine, (> 500 HP) Cogeneration	C
IC Engine, Emergency, 51 - 500 HP	B

Equipment/Process	Schedule
IC Engine, Emergency, (> 500 HP)	B
IC Engine, Landfill/Digester Gas	D
IC Engine, Other, 51-500 HP	B
IC Engine, Other, >500 HP	C
Impregnating Equipment	C
Incineration, Hazardous Waste	H
Incinerator, < 300 lbs/hr, Non-Hazardous	E
Incinerator, >=300 lbs/hr, Non-Hazardous	F
Indoor Shooting Range	B
Ink Mfg./Blending Including, but not limited to, all or part of the following: Process Tanks, Mixers	B
Inorganic Chemical Mfg. Including, but not limited to, all or part of the following: Process Tanks, Mixers, Reactors	D
Insecticide Separation/Mfg Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Coolers, Drums, Ejectors, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Iodine Reaction Including, but not limited to, all or part of the following: Columns, Compressors, Condensers, Coolers, Heat Exchangers, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Tanks, Towers	C

Isomerization Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Jet Engine Test Facility	C
Kiln, Natural Gas	C
Landfill Condensate/Leachate Collection/Storage	B
Landfill Gas, Collection, (<10 Wells)	B
Landfill Gas, Collection, (10 -50 Wells)	C
Landfill Gas, Collection, (> 50 Wells)	D
Landfill Gas, Treatment	E
Equipment/Process	Schedule
Lime/Limestone, Conveying Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Weigh Stations	C
Liquid Separation, Other Including, but not limited to, all or part of the following: Process Tanks, Settling Tanks, Separators, Tanks	D
Liquid Waste Processing, Hazardous Including, but not limited to, all or part of the following: Air Floatation Units, Floatation Units, Filter Presses, Reactors, Process Tanks, Clarifiers, Settling Tanks, Waste Water Separators, Tanks	E
Liquid Waste Processing, Non Hazardous Including, but not limited to, all or part of the following: Air Floatation Units, Floatation Units, Filter Presses, Reactors, Process Tanks, Clarifiers, Settling Tanks, Waste Water Separators, Tanks	C
LPG, Tank Truck Loading	D
LPG, Treating Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	D

Proposed Amended Rule 301 (Cont.)**TABLE IB - PERMIT FEE RATES FOR BASIC EQUIPMENT**

LPG Distillation Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Lube Oil Additive/Lubricant Mfg.	B
Lube Oil Re-refining Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	D

Metallic Mineral Production Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Feeders, Hoppers, Crushers, Cyclones, Log Washers, Mixers, Screens, Vibrating Grizzlies, Weigh Stations	E
Misc. Solvent Usage at a Premise	B
Mixer, Chemicals	B
MTBE Production Facility Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Coolers, Drums, Ejectors, Heat Exchangers, Knock Out Pots, Mixers, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	F

Equipment/Process	Schedule
Marine Bulk Loading/Unloading System, Including, but not limited to, all or part of the following: Absorbers, Compressors, Condensers, Knock Out Pots, Pumps, Reactors, Saturators	D
Marine Vessel Displaced Vapor Control, Including, but not limited to, all or part of the following: Absorbers, Compressors, Condensers, Knock Out Pots, Pumps, Reactors, Saturators	D
Merichem Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	D
Merox Treating Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Metal Deposition Equipment	C

Equipment/Process	Schedule
Natural Gas Dehydration Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	C
Natural Gas Odorizers	C
Natural Gas Stabilization Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Scrubbers, Regenerators, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Nut Roasters Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Roasters, Coolers	C
Nut Shell Drying Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Dryers, Coolers	C

Proposed Amended Rule 301 (Cont.)

TABLE IB - PERMIT FEE RATES FOR BASIC EQUIPMENT

Oil/Water Separator (< 10,000 GPD) Including, but not limited to, all or part of the following: Oil Water Separators, Pits, Sumps, Tanks, Vessels	B
Oil/Water Separator (>= 10,000 GPD) Including, but not limited to, all or part of the following: Oil Water Separators, Pits, Sumps, Tanks, Vessels	C
Open-Air resin operations	A
Oven Bakery	C
Oven, Curing (Rule 1401 toxics)	C
Oven, Other	B
Packaging, Other	B
Paint Stripping, Molten Caustic	C
Paper Conveying	A
Paper Pulp Products	D
Paper Size Reduction	C
Pavement Grinder	B
Pavement Heater	B

Proposed Amended Rule 301 (Cont.)

TABLE IB - PERMIT FEE RATES FOR BASIC EQUIPMENT

Equipment/Process	Schedule
Pelletizing, Chlorine Compounds Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Pelletizers, Mixers, Dryers	C
Perlite Furnace	C
Perlite Handling Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Bucket Elevators	C
Pesticide/Herbicide Mfg. Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Coolers, Drums, Ejectors, Heat Exchangers, Knock Out Pots, Mixers, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Petroleum Coke Calcining Including, but not limited to, all or part of the following: Bins, Conveyors, Reactors, Mixers, Process Tanks, Kilns	F
Petroleum Coke Conveying Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Bucket Elevators	B
Pharmaceutical Mfg. Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Reactors, Process Tanks, Pelletizers, Mixers, Dryers	C
Pharmaceutical Mfg. Tableting, Coating Vitamins or Herbs	C
Pipe Coating, Asphaltic	B
Plasma Arc Cutting	B1
Plastic Mfg., Blow Molding Machine	B
Plastic/Resin Size Reduction Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Feeders, Hoppers, Grinders, Mills, Cyclones, Screens, Weigh Stations	B
Plastic/Resins Reforming	C
Plastic/Resins Treating	C
Plastisol Curing Equipment	B
Polystyrene Expansion/Molding	C
Polystyrene Expansion/Packaging	C

Equipment/Process	Schedule
Polystyrene Extruding/Expanding	B
Polyurethane Foam Mfg. Including, but not limited to, all or part of the following: Coolers, Heat Exchangers, Pumps, Reactors, Mixers, Process Tanks	C
Polyurethane Mfg/Production	B
Polyurethane Mfg/Rebonding	B
Process Line, Chrome Plating (Hexavalent)	C
Process Line, Chrome Plating (Trivalent)	B
Precious Metal, Recovery, Other	B
Precious Metal, Recovery, Catalyst	D
Printing Press, Air Dry	B
Printing Press With IR, EB or UV Curing	B
Printing Press, Other	C
Printing Press, Screen	B
Production, Other	B
Railroad Car Loading/Unloading, Other	C
Railroad Car Unloading, liquid direct to trucks	B
Reaction, Other	C
Recovery, Other	B
Refined Oil/Water Separator Including, but not limited to, all or part of the following: Oil/Water Separators, Pits, Sumps, Tanks, Vessels	B
Refrigerant Recovery/Recycling	A1
Rendering Equipment, Blood Drying	C
Rendering Equipment, Fishmeal Drying	C
Rendering Equipment, Rendering	D
Rendering Equipment, Separation, Liquid	C
Rendering Product, Handling Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Bucket Elevators	C
Resin, Varnish Mfg. Including, but not limited to, all or part of the following: Coolers, Heat Exchangers, Pumps, Reactors, Mixers, Process Tanks	D
Roller Coater	B

Proposed Amended Rule 301 (Cont.)

TABLE IB - PERMIT FEE RATES FOR BASIC EQUIPMENT

Equipment/Process	Schedule
Rubber Mfg. Including, but not limited to, all or part of the following: Coolers, Heat Exchangers, Pumps, Reactors, Mixers, Process Tanks	C
Rubber Presses or Molds with a ram diameter of more than 26 inches Submitted before September 11, 1999	A
Submitted on or after September 11, 1999	B
Rubber Roll Mill	B
Sand Handling Equipment, Foundry Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Bucket Elevators	C
Sand Handling Equipment w/Shakeout, Foundry Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Bucket Elevators	D
Screening, Green Waste	A
Screening, Other Including, but not limited to, all or part of the following: Screens, Conveyors, Bins, Hoppers, Bucket Elevators	C
Semiconductor, Int. Circuit Mfg (<5 pieces)	B
Semiconductor, Int. Circuit Mfg (5 or more)	C
Semiconductor, Photo resist (<5 pieces)	B
Semiconductor, Photo resist (5 or more pieces)	C
Semiconductor, Solvent Cleaning (<5 pieces)	B
Semiconductor, Solvent Cleaning (5 or more pieces)	C
Sewage Sludge Composting	C
Sewage Sludge Drying, Conveying, Storage, Load-out Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Bucket Elevators, Loading Arms	D
Sewage Sludge Digestion	D
Sewage Sludge Dryer	D
Sewage Sludge Incineration	H
Sewage Treatment, (<= 5 MGD), Aerobic Including, but not limited to, all or part of the following: Air Floatation Units, Floatation Units, Filter Presses, Clarifiers, Settling Tanks, Trickling Filters, Waste Water Separators, Tanks	C

Equipment/Process	Schedule
Sewage Treatment, (>5 MGD) Including, but not limited to, all or part of the following: Air Floatation Units, Floatation Units, Filter Presses, Clarifiers, Settling Tanks, Trickling Filters, Waste Water Separators, Tanks	F
Sewage Treatment, (> 5 MGD), Anaerobic Including, but not limited to, all or part of the following: Air Floatation Units, Floatation Units, Digesters, Filter Presses, Clarifiers, Settling Tanks, Trickling Filters, Waste Water Separators, Tanks	G
Sheet Machine	B
Shell Blasting System	B
Shipping Container System	B
Sintering	C
Size Reduction, Other Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Dryers, Feeders, Hoppers, Crushers, Cyclones, Mixers, Screens, Weigh Stations	C
Size Reduction, Petroleum Coke Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Dryers, Feeders, Hoppers, Crushers, Cyclones, Mixers, Screens, Weigh Stations	C
Sludge Dewatering, Other Including, but not limited to, all or part of the following: Filter Press, Process Tanks, Settling Tanks	D
Sludge Dryer, Other	B
Sludge Incinerator	H
Smoke Generator	B
Smokehouse	C
Soap/Detergent Mfg Including, but not limited to, all or part of the following: Process Tanks, Mixers, Tanks, Conveyors, Bins, Hoppers, Bucket Elevators	D
Soil Treatment, Other Including, but not limited to, all or part of the following: Bins, Conveyors, Ovens	D
Soil Treatment, Vapor Extraction Including, but not limited to, all or part of the following: Adsorbers, Afterburners	C
Solder Leveling	B

Proposed Amended Rule 301 (Cont.)

TABLE IB - PERMIT FEE RATES FOR BASIC EQUIPMENT

Equipment/Process	Schedule
Soldering Machine	B
Solvent Reclaim, Still (Multistage)	C
Solvent Reclaim, Still (Single stage)	A
Solvent Redistillation Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Spent Stretford Solution Regeneration Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	D
Spray Equipment, Open	B
Spray Machine, Adhesive	B
Spray Machine, Coating	B
Spray Machine, Powder Coating	B
Spraying, Resin/Gel Coat	C
Sterilization Equipment	C
Stereolithography	A
Storage, Petroleum Coke	C
Storage Container, Baker-Type	B
Storage Container, Baker-Type w/Control	C
Storage Silo, Other Dry Material	A
Storage Tank, w/o Control, Crude Oil/Petroleum Products	B
Storage Tank, Acid with sparger	B
Storage Tank, Ammonia with sparger	B
Storage Tank, Asphalt <=50,000 gallons	B
Storage Tank, Asphalt >50,000 gallons	C
Storage Tank, Degassing Unit	D
Storage Tank, Fixed Roof with Internal Floater	C
Storage Tank, Fixed Roof with Vapor Control	C
Storage Tank, Fuel Oil	A

Storage Tank, Lead Compounds	C
Equipment/Process	Schedule
Storage Tank, LPG	A
Storage Tank, LPG w/Vaporizing System	C
Storage Tank, Other	A
Storage Tank, Other w/ Control Equipment	B
Storage Tank, with Passive Carbon s.s.	B
Storage Tank, with Passive Carbon m.s.	C
Storage Tank, with Passive Carbon t.s.	C
Storage Tank, Rendered Products	C
Storage Tank, Waste Oil	A
Storage Tank with condenser	B
Storage Tank, with External Floating Roof	C
Stove-Oil Filter/Coalescer Facility	D
Striper, Can	B
Striper, Pavement	B
Stripping, Other	B
Sulfonation Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Sulfuric Acid Plant Including, but not limited to, all or part of the following: Accumulators, Columns, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	F
Sump, Covered & Controlled	C
Sump, Spill Containment	A
Tablet Coating Pans	A
Tank, Hard Chrome Plating	C
Tank/Line, Other Chrome Plating or Chrome Anodizing	C
Tank, Line, Other Process Emitting Hexavalent Chrome	C
Tank/Line, Trivalent Chrome Plating	B
Tank/Line, Cadmium or Nickel Plating	C

Proposed Amended Rule 301 (Cont.)

TABLE IB - PERMIT FEE RATES FOR BASIC EQUIPMENT

Tank/Line, Other Process Emitting Nickel or Cadmium	B1
Equipment/Process	Schedule
Tank/Line, Other Plating	B
Tank/Line Nitric Acid Process Emitting NOx	C
Tank/Line, Other Process Using Aqueous Solutions	B
Tank, Paint Stripping w/Methylene Chloride	C
Textiles, Recycled, Processing	C
Thermal Cracking Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Tire Buffer	A
Treating, Other	B
Treating, Petroleum Distillates Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	D
Vacuum Distillation Unit Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels	E
Vacuum Machine	C
Vacuum Metalizing	B
Vacuum Pumps	C
Vegetable Oil Extractor Including, but not limited to, all or part of the following: Bins, Conveyors, Cookers, Presses, Tanks, Kilns	E
Warming Device, Electric	A

Equipment/Process	Schedule
Waste Water Treating (< 10,000 gpd) Including, but not limited to, all or part of the following: Air Floatation Units, Floatation Units, Filter Presses, Clarifiers, Settling Tanks, Waste Water Separators, Tanks	B
Waste Water Treating (< 20,000 gpd) no toxics Including, but not limited to, all or part of the following: Air Floatation Units, Floatation Units, Filter Presses, Clarifiers, Settling Tanks, Waste Water Separators, Tanks	B
Waste Water Treating (20,000 - 50,000 gpd) Including, but not limited to, all or part of the following: Air Floatation Units, Floatation Units, Filter Presses, Clarifiers, Settling Tanks, Waste Water Separators, Tanks	D
Waste Water Treating (>50,000 gpd) Including, but not limited to, all or part of the following: Air Floatation Units, Floatation Units, Filter Presses, Clarifiers, Settling Tanks, Waste Water Separators, Tanks	E
Waste-to-Energy Equipment	H
Wet Gate Printing Equipment using Perchloroethylene	B
Weigh Station	A
Wood Treating Equipment Including, but not limited to, all or part of the following: Coater Operations, Process Tanks	C

**TABLE IIA
SPECIAL PROCESSING FEES**

AIR QUALITY ANALYSIS/HEALTH RISK ASSESSMENT

Schedule	Fee
A	\$1,185.98
B	\$1,185.98
C	\$1,185.98
D	\$4,245.92+T&M
E	4\$4,245.92+T&M
F	\$4,245.92+T&M
G	\$4,245.92+T&M
H	\$5,662.25+T&M

D through G: T&M = Time and Material charged at \$121.44 per hour above 35 hours.

H: T&M = Time and Material charged at \$121.44 per hour above 47 hours. Time and material charges for work beyond these hourly limits shall be for analysis or assessment required due to modification of the project or supporting analysis submitted for initial review or for multiple analyses or assessments required for a project or other special circumstances and shall be approved by the Executive Officer.

An additional fee of \$2,033.08 shall be assessed for a project requiring modeling review triggered by the requirements of Regulation XVII – Prevention of Significant Deterioration (PSD). The total combined fee for these reviews shall not exceed \$13,553.91.

**TABLE IIB
FEE FOR PUBLIC NOTICE PUBLICATION**

County	Rule 212(g) Notice ^(a)	Title V Notice ^(a)
Los Angeles	\$1,348.43	\$811.01
Orange	\$1,228.13	\$601.24
Riverside	\$266.66	\$285.47
San Bernardino	\$1,171.09	\$540.67

^(a) If Rule 212(g) and Title V notices are combined, pursuant to Rule 212(h), only Rule 212(g) publication fee applies.

TABLE IIC
CEMS, FSMS, & ACEMS FEE SCHEDULE

Certification Review		
CEMS and FSMS Review¹	Basic Fee²	Maximum Fee
Any combination of pollutants, diluent, flow, or other parameter ³ for:		
One to two components	\$3,483.19	\$6,236.49
Three to four components	\$4,189.99	\$11,476.49
For each additional component beyond four, the following amount is added to the fee for four components	\$0.00	\$2,834.91
For time-sharing of CEMS, the following amount is added to any fee determined above	\$0.00	\$2,834.91
ACEMS Review	Basic Fee⁴	Maximum Fee
	\$3,483.19	\$11,476.49
¹ The certification fee includes the initial application approval, approval of test protocol, and approval of the performance test results. An application resubmitted after a denial will be treated as a new application and will be subject to a new fee. ² Covers up to 40 hours evaluation time for the first two components, 60 hours for the first four components, and up to an additional 12 hours for each component beyond four. Excess hours beyond these will be charged at \$145.01 per hour, to the maximum listed in the table. ³ Additional components, as necessary, to meet monitoring requirements (e.g., moisture monitor). ⁴ Covers up to 40 hours evaluation time.		

TABLE III - EMISSION FEES
For emissions in Calendar Year 2010 and thereafter

Annual Emissions (tons/yr)	Organic Gases* (\$/ton)	Specific Organics** (\$/ton)	Nitrogen Oxides (\$/ton)	Sulfur Oxides (\$/ton)	Carbon Monoxide (\$/ton)	Particulate Matter (\$/tons)
4 – 25	\$559.14	\$100.04	\$327.12	\$387.82	-	\$427.56
>25 – 75	\$907.82	\$158.51	\$519.62	\$626.94	-	\$692.81
>75	\$1,358.90	\$237.75	\$782.56	\$941.26	-	\$1,037.31
≥100	-	-	-	-	\$6.68	-

* Excluding methane, exempt compounds as specified in paragraph (e)(13), and specific organic gases as specified in paragraph defined in subdivision (b) of this rule.

** See specific organic gases as defined in subdivision (b) of this rule.

*** For July 1, 2010 through June 30, 2011 inclusive the amount of the CPI increase will be rebated.

TABLE IV
TOXIC AIR CONTAMINANTS AND OZONE DEPLETERS
For emissions in Calendar Year 2010 and thereafter

TOXIC COMPOUNDS	Fee \$/1 lb	Annual Emission Thresholds (lbs)
Ammonia (Reporting Period 07/01/04 and beyond)	\$0.03	200
Asbestos	\$5.85	0.0001
Benzene	\$1.97	2.0
Cadmium	\$5.85	0.01
Carbon tetrachloride	\$1.97	1.0
Chlorinated dioxins and dibenzofurans (26 species)	\$9.74	0.00002
Ethylene dibromide	\$1.97	0.5
Ethylene dichloride	\$1.97	2.0
Ethylene oxide	\$1.97	0.5
Formaldehyde	\$0.43	5.0
Hexavalent chromium	\$7.79	0.0001

Methylene chloride	\$0.08	50.0
Nickel	\$3.88	0.1
Perchloroethylene	\$0.43	5.0
1,3-Butadiene	\$5.85	0.1
Inorganic arsenic	\$5.85	0.01
Beryllium	\$5.85	0.001
Polynuclear aromatic hydrocarbons (PAHs)	\$5.85	0.2
Vinyl chloride	\$1.97	0.5
Lead	\$1.97	0.5
1,4-Dioxane	\$0.43	5.0
Trichloroethylene	\$0.16	20.0

**TABLE IV (cont.)
TOXIC AIR CONTAMINANTS AND OZONE DEPLETERS**

TOXIC COMPOUNDS	Fee \$/1 lb	Annual Emission Thresholds (lbs)
For emissions Calendar Year 2010 and thereafter		
Chlorofluorocarbons (CFCs)	\$0.37	---
1,1,1-trichloroethane	\$0.05	---

**TABLE V
ANNUAL CLEAN FUELS FEES**

Volatile Organic Compounds (\$/ton)	Nitrogen Oxides (\$/ton)	Sulfur Oxides (\$/ton)	Particulate Matter (\$/ton)
\$43.56	\$24.43	\$30.28	\$24.43

**TABLE VI
DEMOLITION, ASBESTOS AND LEAD NOTIFICATION FEES**

Demolition and Renovation by Project Size (square feet)¹					
up to 1,000	>1,000 to 5,000	5,000 to 10,000	>10,000 to 50,000	>50,000 to 100,000	> 100,000
\$56.28	\$172.08	\$402.81	\$631.62	\$915.38	\$1,525.63

Additional Service Charge Fees				
Revision to Notification	Special Handling Fee²	Planned Renovation	Procedure 4 or 5 Plan Evaluation	Expedited Procedure 4 or 5 Fee³
\$56.28	\$56.28	\$631.62	\$631.62	\$315.81

¹ For demolition, the fee is based on the building size.
For refinery or chemical unit demolition, the fee is based on the structure's footprint surface area.

For renovation, the fee is based on the amount of asbestos/lead removed.

² For all notifications postmarked less than 14 calendar days prior to project start date.

³ For all expedited Procedure 4 or 5 plan evaluation requests postmarked less than 14 calendar days prior to project start date.
For each subsequent notification for pre-approved Procedure 5 plan submitted per Rule 1403(d)(1)(D)(i)(V)(2).

TABLE VII
SUMMARY OF RECLAIM & TITLE V FEES

Description	Rule section	Fee
RECLAIM		
Facility Amendment Fee <u>with</u> Engineering Evaluation <ul style="list-style-type: none"> RECLAIM only RECLAIM & Title V 	(k)(5)	\$912.44 \$1,824.90
Facility Amendment Fee <u>without</u> Engineering Evaluation <ul style="list-style-type: none"> RECLAIM only RECLAIM & Title V 	(k)(5)	\$912.44 \$1,824.90
Change of Operator <ul style="list-style-type: none"> Facility Permit Amendment Fee + Application Processing Fee for Each Application 	(k)(7)	\$912.44 + \$530.89
Title V		
Administrative Permit Revision Fee	(l)(6)	\$912.44
Permit Revision Fee <ul style="list-style-type: none"> Minor permit revision De minimis significant permit revision Significant permit revision 	(l)(7)	\$912.44 \$912.44 \$912.44
Permit Renewal Fees + Final Fee if time exceeds 8 hours	(l)(8)	\$2,072.50 + \$142.02/hr
Change of Operator <ul style="list-style-type: none"> Administrative Permit Revision Fee 	(m)(5)	\$912.44

ATTACHMENT I

(Adopted May 10, 1996)(Amended May 9, 1997)(Amended May 8, 1998)
(Amended May 14, 1999)(Amended May 19, 2000)(Amended May 11, 2001)
(Amended May 3, 2002)(Amended June 6, 2003)(Amended July 9, 2004)
(Amended June 3, 2005) (Amended June 9, 2006)(Amended May 4, 2007)
(Amended May 2, 2008)(Amended May 7, 2010)(Updated July 1, 2011)(Updated July 1,
2012)(Updated July 1, 2013)
(PAR June 6, 2014)

PROPOSED AMENDED RULE 311. AIR QUALITY INVESTMENT PROGRAM (AQIP) FEES

(a) Applicability

This rule shall apply to all employers who participate in the Air Quality Investment Program (AQIP) option provided under Rule 2202. The Air Quality Investment Fees established in this rule shall be adjusted periodically to reflect market conditions.

(b) Registration Fees

Any employer registering with the District to participate in the AQIP shall pay annually a registration fee of \$121.44 per worksite.

(c) AQIP Investment Fees

(1) Annual Compliance Option

At the time of registration any employer electing to participate in the annual AQIP compliance option shall annually invest in the restricted District fund ~~\$60.00~~ \$45.00 for each employee reporting to work in the peak window; or,

(2) Triennial Compliance Option

At the time of registration any employer electing to participate in the triennial AQIP compliance option shall invest in the restricted District fund \$125.00 for each employee reporting to work in the peak window. Any increase in the number of employees in the window shall be accounted for during the second and third year registrations by investing ~~\$60.00~~ \$45.00 per each additional employee for the remaining years in the triennial compliance option.

(d) Late fees

If the registration fee is not received by the established due date, the original amount of the registration fee shall be increased by fifty percent (50%).

ATTACHEMENT J

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

FINAL Staff Report

Rule 2202 – On-Road Motor Vehicle Mitigation Options

Rule 2202 Implementation Guidelines

Rule 301 - Permitting and Associated Fees

Rule 311 - Air Quality Investment Program (AQIP) Fees

June 2014

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

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EXECUTIVE OFFICER:

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LIST OF ACRONYMS AND ABBREVIATIONS

AQIP	Air Quality Investment Program
AQMP	Air Quality Management Plan
ASC	Area Source Credits
AVR	Average Vehicle Ridership
BARCT	Best Available Retrofit Control Technology
CARB (or ARB)	California Air Resources Board
CO	Carbon Monoxide
ECRP	Employee Commute Reduction Program
EMFAC	EMission FACtor mobile source model
ERC	Emission Reduction Credits
ERS	Emission Reduction Strategy
LLT	Least Likely to be Traded
MSERC	Mobile Source Emission Reduction Credit
NO _x	Nitrogen Oxides
NSR	New Source Review
RTC	Reclaim Trading Credit
RECLAIM	Regional Clean Air Incentives Market
SCAB	South Coast Air Basin
SCAQMD	South Coast Air Quality Management District
STERC	Short Term Emission Reduction Credit
VOC	Volatile Organic Compound

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EXECUTIVE SUMMARY

The South Coast Air Quality Management District (SCAQMD) is proposing amendments to Rule 2202 - On-Road Motor Vehicle Mitigation Options, Rule 2202 Implementation Guidelines, Rule 301 - Permitting and Associated Fees, and Rule 311 – Air Quality Investment Program (AQIP) Fees. The proposed amendments specifically address the use of emission reduction credits (ERCs) and the AQIP compliance option. At the end of 2013 approximately 200 lbs/day of NO_x emission reduction credits (ERCs) were transferred into Rule 2202. This caused a concern regarding future stationary source credit availability. Therefore in January 2014 the Governing Board approved a temporary moratorium on NO_x ERCs in Rule 2202 to allow time for staff to review the status of the stationary source emission banks and potential impacts of additional transfers into the Rule 2202 program. Staff reviewed the historical use of ERCs for stationary sources, as well as the availability of credits and other emission programs within Rule 2202 to determine the ability to meet future compliance targets. Staff concluded that there continues to be a concern regarding the future availability of ERCs for use by stationary sources. To address this staff is proposing that ERCs no longer be allowed to be transferred into the Rule 2202 program. ERCs that currently reside within the Rule 2202 program would be allowed to remain, however these ERCs will be subject to an annual discount. An annual discounting of ERCs will encourage the use of other emission reductions that more closely align with the intent of the Rule 2202 program. Previously, persons submitting ERCs into the Rule 2202 program signed Terms and Conditions that included the provision that once transferred into the program, an ERC could never be removed from the program. In response to stakeholder requests, staff is now proposing that an ERC certificate that has never been used by in any discrete year to comply with any Rule 2202 requirements may be taken out of the program at any time, at which point they would be available for use in any District program that allows the use of such ERCs, except Rule 2202. In order to satisfy EPA requirements, it is essential that none of the ERC certificate has ever been used while in the Rule 2202 program.

Staff has evaluated the AQIP fees, as set forth in Rule 311, which has remained at its current fee of \$60 per peak window employee since Rule 2202 was adopted in 1995. In evaluating the cost effectiveness of the most recent AQIP funded projects, staff found that the program emission reduction target could still be achieved with a reduced fee of \$45 per employee. The reduced AQIP fee will afford employers a more viable compliance option.

Rule 301 is proposed to be amended to include an application fee for the transfer of STERCs into Rule 2202. The proposed fee is to address the Implementation Guideline requirement for STERCs to be permanently retired and removed from the NSR ~~bank~~ program. Additionally the proposed fee will include the processing of STERCs into the Rule 2202 database. Finally, the fee will also cover the transfer of ERCs out of the program.

Rule 2202 and its accompanying Implementation Guidelines have not been amended since 2004. Staff is proposing a number of administrative updates and clarifications, as well as the inclusion of language to better codify current policies ~~and practices that are currently not reflected in the documents.~~

BACKGROUND

On December 8, 1995, in response to state legislation prohibiting the mandatory submittal of trip reduction plans, the SCAQMD Governing Board adopted Rule 2202 as a replacement rule that did not mandate trip reduction program submittals, yet allowed the SCAQMD to remain in compliance with federal and state Clean Air Act requirements.

The rule has provided members of the regulated community with a menu of flexible and cost effective emission reduction options from which they can choose to implement and meet the emission reduction targets for their sites. Rule 2202 continues to allow affected employers the option of implementing a traditional trip reduction program as a means to comply with the rule.

Rule 2202 has been amended several times and replaced Rules 1501 - Work Trip Reduction Plans and 1501.1 - Alternatives to Work Trip Reduction Plans. In 1987, Regulation XV was adopted which required trip reduction plans for employers with 100 or more employees. Rule 1501 was amended in 1993 and Rule 1501.1 was adopted in 1995, to comply with federal and state requirements for extreme non-attainment areas. In 1995, Rule 2202 was adopted to respond to state legislation prohibiting mandatory trip reduction plans. Rule 2202 provided worksites of 100 or more employees a menu of emission reduction options to meet an emission reduction target for their worksite. Compliance strategies included mobile source credits from old-vehicle scrapping, clean on-road and off-road equipment, the use of remote sensing to identify and repair gross polluting vehicles, and emission reduction credits from stationary sources. Worksites could also earn credits for the use of alternative fuel vehicles, reduction of vehicle miles traveled, and other trip reduction strategies.

In March 1996, Rule 2202 was amended to exempt school districts from complying due to financial hardship. The passage of SB836 directed SCAQMD to raise the employee threshold level from 100 to 250 employees, while SB432 permanently exempted worksites with fewer than 250 employees from complying with the rule. In November 1996, the sunset provision of Rule 2202 was modified to have the rule phase out by June 2001. In October 1998, Rule 2202 was again modified to include its original sunset provision, (i.e., the rule would be rescinded at an unspecified future time when an equivalent level of emissions reductions is produced). In January 2002, several administrative changes to Rule 2202 were passed that included the elimination of alternative fuel vehicle credits except for zero emission vehicles, deletion of the remote

sensing strategy option due to the implementation of the Inspection and Maintenance Program (Smog Check II), and the addition of a police/sheriff employee category.

Although the employee threshold was changed from 100 to 250 employees, Section 182(d)(1)(B) of the 1990 Clean Air Act (CAA) required that non-attainment regions implement a program that would require employers of 100 or more employees to reduce work related trips and miles traveled by employees commuting to work to a level 25% above the region's baseline AVR. At that time the AVR targets were established for regions within the SCAQMD that were determined to be the most effective in achieving the federally mandated goals. Subsequent amendments to the CAA removed work related trip mandates and allowed emission equivalency as an option for compliance. This re-established the SCAQMD's regional commitment at an AVR of 1.50 for companies with 250 or more employees. This AVR represents the 25% above the region's 1992 baseline and accounts for additional trip reductions that should have resulted from all employers with 100 or more employees. However, the CAA allows the substitution of alternative measures that will meet the equivalent emission reductions.

NOx Emission Reduction Credits

At the end of 2013 approximately 200 lbs/day of NOx emission reduction credits (ERCs) were transferred into Rule 2202. The rate of transfer caused a concern regarding future stationary source credit availability if additional large amounts of NOx ERCs were to be used for Rule 2202 compliance. Therefore, January 2014 the Governing Board approved a temporary moratorium, from January 10, 2014 to July 1, 2014, on the transfer of NOx ERCs into Rule 2202 and directed staff to review the status of the stationary source emission banks and potential impacts of additional transfers into the Rule 2202 program. During the NOx moratorium, VOC and CO ERCs are allowed to be transferred into the Rule 2202 program. Staff is proposing amendments to Rule 2202 and the rule Implementation Guidelines to address the uses of ERCs in the Rule 2202 program.

Emission Credit Use in the Program

Employers may choose to comply with the rule by submitting an emission reduction strategy (ERS). To comply with an ERS, employers can surrender emission credits that are equivalent to the emissions from their employee commute to the worksite. This amount is determined by an emission reduction target. The various emission reduction strategies employers can implement and receive credit towards meeting their emission reduction target requirements are listed below.

Available Emission Reduction Strategy Credits

- Mobile Source Emission Reduction Credits (MSERCs) (Regulation XVI)
- Short Term Emission Reduction Credits (STERCs) from Stationary Sources (Regulation XIII)
- Emission Reduction Credits (ERCs) from Stationary Sources (Regulation XIII) approved before date of adoption
- Area Source Credits (Regulation XXV)
- Other Emission Reduction Strategies (Rule 2202 (f)(6))

Rule 2202 employers are estimated to have a 2014 emission reduction target requirement of 2,127 pounds per day of NO_x. As of March 2014, the available NO_x emission credits for 2014, within the Rule 2202 program, are estimated to be 1,896 pounds per day as shown below in Table 1. Available Emission Credits in Rule 2202. As a result more than half of the emission target could be satisfied with existing rule credits. The available estimate includes both ERCs and MSERCs. Future MSERC emission credit availability cannot be estimated. Old-vehicle scrapping emission credits, one of the MSERCs, are generated by credit vendors who initiate the credit generation based on market need and the mix of vehicles that can be scrapped. While the amount of future MSERC credits cannot be predicted, the vehicle scrapping program is currently active. Emission credits within the Rule 2202 program along with emissions obtained from the AQIP program, and emission reductions from the Employee Commute Reduction Program (ECRP) program will go towards the obtainment of future emission reduction targets.

Table 1. Available Emission Credits in Rule 2202*

	2014	2020**	2030**
NO _x (lbs/day)	1,616 (MSERC) 280 (ERC)	280	280
VOC (lbs/day)	1,020 (MSERC) 613 (ERC)	613	613

* As of March 2014. Include initial 10% discount for ERCs.

**Includes ERCs only, the availability of MSERCs in future years is unknown.

Currently the NSR market contains 534 lbs/day of NO_x. The NSR bank cannot continue to be viable if it continues to be depleted by Rule 2202 use. Rather than rely on ERCs for use, additional mobile source emission credit generation opportunities will be considered.

PROPOSED AMENDMENTS

A. Proposed Amendments to Rule 2202

Proposed amendments to the rule include updates or clarifications to the current rule language. Since the last amendment to Rule 2202, other related rules and programs within the SCAQMD have been amended.

Emission Reduction Credits

Employers may choose to surrender emission credits when they submit an ERS to comply with Rule 2202. The surrendered emission credits are in lieu of reducing commute trips. The proposed amendments address the use of Emission Reduction Credits (ERCs) and administrative updates to the use of Short Term Emission Reduction Credits (STERCs) in the Rule 2202 program.

Staff considered several approaches to the use of ERCs in Rule 2202 such as allowing unlimited use, limiting use, or prohibiting their use. Allowing unlimited use was not considered a viable option due to the potential to reduce the amount of ERCs in the NSR bank to a level that could result in having insufficient credits available for use by stationary sources.

A limited approach was evaluated which would have continued to allow ERCs to be transferred into the program and would ensure sufficient credits for use by stationary sources. The approach would have instituted an ERC threshold. If the NSR bank was at or below the threshold limit, ERCs could not be transferred into the Rule 2202 program. The minimum threshold would be set at a level that would maintain a reasonable amount of credits that would satisfy stationary source requirements.

Staff understands that some credit owners will hold on to their ERCs for future business growth or modernization of their facility. Therefore, the total ERC holdings are not necessarily representative of the total ERCs available for sale. Based on previous studies by SCAQMD staff, there are ERCs that have been identified as those that would be “least likely to be traded” (LLTs). Facilities that have been identified as holding LLT’s include electric generating facilities, refineries and related facilities, essential public services, and ERCs that have been held for longer than five years. Based on this study approximately 31% VOC and 48% NO_x of the total ERCs could be considered “least likely to be traded” (LLT).

To determine an ERC threshold; staff reviewed the last three, five, and ten years of NO_x and VOC ERCs usage by stationary sources. The analysis did not include the use of Short Term Emission Reduction Credits (STERCs) and only reviewed the use of the

permanent stream of ERCs. Applying the LLT percentages amount to NSR use data resulted in the following thresholds as shown in Table 2 below.

Table 2. ERC Thresholds

Threshold time frames	NOx threshold (lbs/day)	VOC threshold (lbs/day)
5 year	1,000	6,635
10 year	1,458	14,971
NSR Bank*	534	10,491

* Permanent stream of ERCs available as of January 2014 (does not include STERCs)

The proposed threshold, the level staff has identified as being needed to ensure viability of the NSR program, would be significantly higher than ~~what is currently available ERCs for held in the NSR use bank~~. Staff believes that it would take a significant amount of time, taking into account the current rate of ERC generation, to bring the available ERCs ~~NSR bank~~ above the proposed thresholds. As a result it would be unlikely that any ERCs would be available for use in the Rule 2202 program and this would have the same effect as prohibiting the use of ERCs. On this basis, it is recommended that no new ERCs be transferred into the Rule 2202 program. However, it should be noted that STERCs can continue to be used.

Annual Discounting of ERCs

Staff is proposing that ERCs remaining in the Rule 2202 program be discounted annually to establish a more level playing field for the various compliance options. This would keep other options more equitable since the ability to generate surplus reduction is declining since vehicle engines are getting cleaner each year. The annual discounting is to begin in the eighth year after the ERC was initially transferred into the rule program beginning January 1, 2015. The discounting in the eighth year establishes better parity between ERCs and STERCs. STERCs are issued as seven, one year allocations, and are then issued in their eighth year as a permanent ERC credit. This also allows credit vendors to recoup their prior investments.

Emission factors for the Rule are based on the California Air Resource Board's (CARB) EMFAC emission model. The emission model accounts for many different factors such as vehicle population changes, vehicle miles traveled, and vehicle fleet composition. The vehicle fleet has changed significantly due to the changes in tailpipe emissions and overall mile per gallon (mpg) improvements. As a result, emission factors for NOx have decreased approximately 75% when comparing the 1996 and 2014 factors. Consequently, this has resulted in a decrease over time of emission reduction targets for

participating employers. The emission reduction targets for the program are show below in Table 3.

Table 3. Rule 2202 Emission Reduction Targets*

	2014	2020	2030
NO _x (lbs/day)	2,127	1,026	719
VOC (lbs/day)	2,135	1,282	958

*Based on the current number of active worksites as of April 2014

While the rule emission target has decreased, the ERC value has not. ERCs are issued as a permanent credit stream, meaning that every year the amount of emission credits does not change as shown above in Table 1. Available Emission Credits in Rule 2202.

When ERCs are transferred into Rule 2202 the amount of the emission credits does not change overtime except for the initial 10% discount. This is in contrast to how ERCs are handled within the stationary source program. Once ERCs are used, they are permanently removed from the market. Sources using ERCs are still subject to future best available retrofit control technologies (BARCT) requirements and when new ERCs are created, if applicable, the value is significantly lower than the original ERCs. As a result, in 2030 the existing ERCs in the program can constitute up to 39% and 64% total Rule 2202 reduction targets for VOC and NO_x respectively. To ensure other compliance options remain viable in comparison with ERCs, the proposed amendments will annually discount ERCs in the Rule 2202 program.

In order to implement an annual discount of ERCs, upon initiation of the ERC annual discount, the 10% originally discounted from ERCs when transferred into the program, as stated in the Terms and Conditions currently signed by each person requesting a transfer of ERCs into the Rule 2202 program, shown in Attachment A of this report, will be restored. Therefore, recently transferred ERCs will not be discounted immediately. For example an ERC transferred into Rule 2202 in 2013 will not begin to be discounted until 2020. The annual discount will be calculated at the beginning of the 2020 calendar year, using the change in the emission factor of pounds per year per daily commute vehicle as determined by the most recently EPA approved EMFAC emission model. Staff will publish the discounting percentages to assist emission credits users in planning for future use. The discounting percentages will be made available primarily through the SCAQMD web page.

Emission factors used to determine the emission reduction targets for the ERS and the AQIP programs are also used to determine the overall rule reduction target and the

emission reductions achieved by the program. The emission factors are derived using the outputs from a CARB on-road mobile source emission factor model (EMFAC) which has been approved by the EPA. The emission factors, pounds per year per daily commute vehicle, which is used in the program, will also be a component of the annual discount. Staff is further proposing that the ERCs currently held in the Rule 2202 program be permanently retired if the Rule is rescinded.

The annual discounting can be illustrated by the following two examples.

Example 1: An employer transferred an ERC of 100 lbs/day NOx into the Rule 2202 program in July 2000. When the ERC was transferred it was initially discounted 10% leaving 90 lbs/day available for use in the program. In this example, the seven years would have ended in calendar year 2006. Thus, the first year of the annual discount would occur January 1, 2015, the date discounting goes into effect. At that time the initial 10% will be restored.

The annual discount is determined by calculating the change from year to year in the emission factor of pounds per year per daily commute vehicle from the EMFAC emission model. In this example the first year of the annual discount would be calculated by comparing the emission factors for 2014 and 2015.

Example 1

NOx ERC Original value	Initial date of transfer	Amount transferred into Rule 2202	January 1 2015	Annual discount applied	
				January 1 2015	January 1 2016
100 lbs/day	July 2000	90 lbs/day	100 lbs /day	89.6 lbs /day	80.8 lbs /day
		Initial 10% discount	Initial 10% discount restored	First year of annual discount	Second year of annual discount

First year (2015) annual discount calculation:

$$\frac{89.6 \text{ lbs/day NOx}}{2015 \text{ allocation}} = 100 \text{ lbs/day} * \frac{3.36_{2015 \text{ NOx emission factor}}}{3.75_{2014 \text{ NOx emission factor}}}$$

Second year (2016) annual discount calculation:

$$\frac{80.8 \text{ lbs/day NOx}}{2016 \text{ allocation}} = \frac{89.6 \text{ lbs/day}}{\text{first year allocation}} * \frac{3.03_{2016 \text{ NOx emission factor}}}{3.36_{2015 \text{ NOx emission factor}}}$$

Example 2: An employer transferred an ERC of 100 lbs/day NOx into the Rule 2202 program in July 2013. When the ERC was transferred it was initially discounted 10% leaving 90 lbs/day available for use in the program. In this example, the non-discount years will end in calendar year 2019. The first year of the annual discount will occur at the beginning of the year 2020 after the initial 10%

is restored. The first year of the annual discount would be calculated by comparing the emission factors for 2019 and 2020.

Example 2

NOx ERC Original value	Initial date of transfer	Amount transferred into Rule 2202	January 1 2020	Annual discounting	
				January 1 2020	January 1 2021
100 lbs/day	July 2013	90 lbs/day	100 lbs /day	93.4 lbs /day	88.3 lbs /day
		Initial 10% discount	Initial 10% discount restored	First year of annual discount	Second year of annual discount

First year (2020) annual discount calculation:

$$93.4 \text{ lbs/day NOx } 2020 \text{ allocation} = 100 \text{ lbs/day} * \frac{2.14_{2020 \text{ NOx emission factor}}}{2.29_{2019 \text{ NOx emission factor}}}$$

Second year (2021) annual discount calculation:

$$88.3 \text{ lbs/day NOx } 2021 \text{ allocation} = 93.4 \text{ lbs/day first year allocation} * \frac{2.02_{2021 \text{ NOx emission factor}}}{2.14_{2010 \text{ NOx emission factor}}}$$

Emission Reduction Credits (ERCs) Transfers

Staff proposed that ERCs that have been transferred into Rule 2202 are to be permanently retired if the rule is rescinded and ERCs that have transferred in the program cannot be transferred out and be allowed to reenter the NSR program. This condition has been included in the Terms and Conditions signed by person's submitting ERCs for use in Rule 2202. However, staff considered allowing the transfer of ERCs out of the program if they have never been used to comply with any part of the Rule 2202 program. To allow the transfer out of Rule 2202, U.S. EPA approval is needed if the ERCs are to reenter the NSR program and potentially used by a permitted source. EPA recognizes that ERCs are a permanent continuous stream of credits and they are issued as such. Once the ERC credit stream is stopped or broken by their use, they are no longer considered to be a permanent continuous stream. Rule 2202 uses emission credits as discrete one year increments. Therefore, once an ERC has been transferred for use in Rule 2202 and the emission credit has been used to comply with a rule requirement it is no longer valid for use in any other program. Based on staff's subsequent discussions with the U.S. EPA, if none of the original ERC certificate has been used in any discrete year to comply with any Rule 2202 requirements then none of the ERC certificate may be transferred out of the program. If this option is elected by the credit owner and these conditions are met, the amount of ERCs in pounds per day in the original certificate less the 10% discount will be reissued. This condition will provide additional program flexibility.

For example, the owner of an ERC Title of Certificate for 10 lbs/day of VOC transferred the entire certificate amount into the Rule 2202 program. When the ERC certificate is transferred the amount placed into the program is discounted 10% per the Terms and Conditions that is signed by each person requesting an ERC transfer (see Attachment A). As a result 9 lbs/day of VOC can be used in Rule 2202. Since Rule 2202 allows the use of annual allocation of all or part of that ERC to comply with the rule requirements the owner decides to use 2 lbs/day to comply with an emission reduction strategy. Consequently, the remaining unused 7 lbs/year then could not be transferred out of the Rule 2202 program because the original 10 lbs/day credit stream has been broken by its use and would no longer be considered a permanent continuous stream. On the other hand, if any amount of the entire 9 lbs/day of the certificate was never used for any Rule 2202 requirements or programs then the permanent continuous stream remains intact and could be transferred out. The amount of the ERC certificate to be issued in pounds per day will be based on the amount that was transferred into Rule 2202 minus the 10% originally discounted when the ERC was initially transferred into the program, as stated in the Terms and Conditions currently signed by each person requesting a transfer of ERCs into the Rule 2202 program. Accordingly, if the ERC in this example is transferred out, the amount of the reissued ERC certificate would be 9 lbs/day.

When a transfer is requested the appropriate written application must be submitted along with the applicable filing fees as specified in Rule 301. Once approved by the Executive Officer, the ERCs can reenter the NSR program and potentially be used by a permitted source. However, when the transferred ERC has reentered the NSR program it cannot be transferred back into the Rule 2202 program.

Short Term Emission Reduction Credits (STERCs)

STERCs will continue to be allowed to be transferred into the Rule 2202 program in accordance with the Rule Implementation Guidelines. STERCs, as currently issued, are ERCs that are issued in yearly increments for the first seven years, then in their eighth year are issued as a permanent credit, which is considered to be the same as an ERC. The eighth year or permanent credit of the STERC has also been referred to as a “long-term credit,” which has been used as a “short-hand” descriptor for the permanent credit as described in subparagraph (f)(1)(C) in Rule 1309 – Emission Reduction Credits and Short Term Credits. Since the permanent credit is the functional equivalent to an ERC, it cannot be transferred into the Rule 2202 program under the staff proposal. Staff is proposing to amend the definition of ERCs in the rule to address the prohibition of the permanent credit in the Rule 2202 program.

Staff is proposing to incorporate into the Implementation Guidelines additional guidance for the transfer and use of STERCs in the Rule 2202 program. The proposed amendments to the Implementation Guidelines are discussed below.

Other Rule 2202 Amendments

There are a number of rule sections that are no longer applicable due to sunset of calendar dates cited. The section referencing the use of Reclaim Trading Credits (RTCs) that were generated in accordance with pilot credit generation programs in Regulation XVI - Mobile Source Offset Programs is proposed to be removed. For an applicant to receive emission credits from the pilot credit generation programs they should have acquired the appropriate equipment or submitted an application prior to January 1, 2004 per the rule requirements. The emission credits that would have been issued by the pilot credit generation rule would have only been valid for no more than two years. The application dates sunset the pilot credit generation programs and consequently, they are no longer available for credit generation. Since the reference to RTCs is being removed, the proposed rule includes language that explicitly prohibits the use of RTCs in the Rule 2202 program.

The Shortfall Penalty paragraph of the rule is also proposed to be removed. This paragraph was included to address the potential shortfall resulting from credits issued prospectively in pilot credit generation programs. Since the pilot credit generation programs have sunset, this provision is no longer applicable.

Additionally, the paragraph referencing triennial plan submittals is proposed to be removed. The section was included in the 2004 rule amendments to transition compliance plan submittals from a triennial to annual submittal cycle. This transition was only needed for a four year period after the 2004 rule amendments. Since that time all worksites have transitioned to the annual plan submittal cycle.

B. Proposed Amendments to Rule 2202 Implementation Guidelines

Proposed amendments to the Guidelines are intended to provide clarification on how emission credits are transferred and banked in the Rule 2202 program. These amendments also consist of the inclusion of language from previously issued policy memos which as a result of these amendments will supersede all previous Rule 2202 related policy documents for the use of ERCs and STERCs in this program.

Emission Reduction Credits

The amendments to the Guidelines specifically include references to the proposed rule amendments as well as the current policies and practices that are applied to ERC use in Rule 2202.

Included in the Implementation Guidelines is language reiterating that ERCs can no longer be transferred into the Rule 2202 program. Also, ERCs that are currently in the program cannot be transferred out of the Rule 2202 program, unless none of the ERC certificate has been used in any discrete year to comply with any program requirements. ERCs that are in the program can continue to be used for complying with the rule and as an emission credit source for the AQIP.

Staff is proposing to include existing practice for the conversion of ERCs, which are issued in pounds per day, to the Rule 2202 pounds per year. The conversion can be made by multiplying the pound per day by the number of operating days that was used in the original ERC evaluations. If the original number of operating days is unknown, a default value of 260 days per year will be used for the conversion to pounds per year.

Additionally, language is added to clarify the annual allocation of ERCs. ERCs are allocated for use based on calendar years. Any unused annual allocation cannot be banked or rolled-over for use in future years. For example if 100 lbs/year of NO_x is being held in the Rule 2202 program and 90 lbs/year was consumed for compliance purposes in 2014, the remaining 10 lbs/year can only be used for 2014 compliance purposes. The remaining unused amount cannot be used for 2015 or beyond.

Short Term Emission Reduction Credits

Staff is proposing to clarify in the Implementation Guidelines that STERCs will continue to be allowed to be transferred into the Rule 2202 program. The proposed amendments will also incorporate current policies. STERCs are a portion of ERCs issued in yearly increments for seven years, and then in their eighth year are issued as a permanent credit. Only the STERC portion of the emission credit can be used in the Rule 2202 program. The eighth year or permanent credit, as described in paragraph (f)(1)(C) in Rule 1309 – Emission Reduction Credits and Short Term Credits, cannot be used in the Rule 2202 program. Language was also included to specify the pound per day to pound per year conversion. The methodology for this conversion is the same as used for ERCs.

In order to maintain the availability of ERCs for NSR purposes ~~integrity of the NSR bank~~, staff's proposed language clarifies the steps ~~STERCs~~ necessary to transfer STERCs into the Rule 2202 program. Staff is proposing that any person wishing to transfer STERCs must submit an application with the appropriate filing fee to request the transfer in order to provide for a thorough review and to prevent any potential double-counting. When an application has been approved, the STERC Certificate of Title will be cancelled and the cancellation recorded in the NSR Register of Title.

Administrative AmendmentsEmission factor updates

The emission factors in Rule 2202 are used to determine emission reduction targets for the ERS and the AQIP programs. These factors are also used to determine the overall rule reduction target and the emission reductions achieved by the program.

Rule 2202 emission factors are derived using the outputs from the EPA approved EMFAC model. The methodology to derive these emission factors has been extensively described in previous staff reports (see the appendices to the February 2004 Rule 2202 staff report). At its February 2004 meeting, the Governing Board approved staff to update the emission factors when newer versions of EMFAC are approved by the EPA. However, any amendments or changes to the guidelines require Board approval. The guideline approval process and the directive to staff to update the factors automatically upon EPA approval appear to be in conflict. Staff is therefore proposing that the emission factors be removed from the Guidelines to facilitate timely updates of the emission factors. Staff will update the emission factors within 30 days of the EPA's approval of the EMFAC model. The emission factors will be made available primarily through the SCAQMD web page. Staff will also notify participating employers and interested parties of the updated emission factors availability.

Change of Status

also

Staff is proposing the addition of language to address current practice for a change of employer status. This applies to an employer who becomes exempt from rule requirements during their compliance year after having received a provisional compliance letter. ~~For example, An~~ employer can become exempt due to closure of the worksite or changes in the number of employees. Also, ~~Change~~ in the number of employees can result in an exemption if the worksite employee count falls below the rule applicability threshold of 250 employees per worksite. Employers, who are submitting a compliance plan that requires the surrender of emission credits, are required to surrender the credits within 180 days to satisfy the requirements of the rule. An employer who has become exempt may request, prior to surrendering emission credits, a proration of the required amount to be surrendered based on the number of actual operating days that the worksite was subject to the rule. The proration must occur prior to the actual surrender of emission credits.

Employers who have already surrendered their required emission credits are not eligible for the proration. When emission credits are surrendered they are retired and are no longer available for use in any SCAQMD program.

Employers who participate in the Air Quality Investment Program (AQIP) are not eligible for the proration because the investment funds are submitted when the compliance plan is submitted. Once the funds are placed into the AQIP fund they are committed to achieving that program's emission reduction target.

Update Language

References to the Reclaim Trading Credits (RTCs) were removed because the emission credits that were to be used as the basis for RTC use in Rule 2202 are no longer applicable. Existing language required emission credits from applications submitted prior to February 2004. This section referenced pilot generation rules found in Regulation XVI with sunset dates of January 2004. Emission credits that may have been issued in accordance with the requirements of the pilot generation rules have expired and are no longer available for use. Additionally, references to pilot generation credit program rules have also been removed for similar reasons.

C. Proposed Amendments to Rule 301 – Permitting and Associated Fees

Staff is proposing to clarify in the Implementation Guidelines that STERCs will continue to be allowed to be transferred into the Rule 2202 program. In order to maintain the integrity of the NSR bank, proposed language clarifies the steps to transfer STERCs into the Rule 2202 program. Staff is proposing that any person wishing to transfer STERCs must submit an application for each individual Certificate of Title, with the applicable filing fee to request the transfer into Rule 2202 to track the use of STERCs. Tracking of these STERCs will prevent any potential double-counting. When the application has been approved, the original STERC Certificate of Title shall be cancelled and the cancellation recorded in the NSR Register of Title.

Staff is also proposing that the original ERC certificate that has never been used in any discrete year to comply with any Rule 2202 requirements since their initial transfer may be transferred out of the program as described in previous sections. The transfer of ERCs and reentry into the NSR program will require similar steps as the transfer of STERCs into the program. As such the staff time will be the same.

The transfer fee will cover staff time to permanently retire the STERCs and remove it from the NSR Register of Title, as well as the processing time to transfer into the Rule 2202 database. The same transfer fee will also cover the transfer of ERCs and reentry into the NSR program. Based on a cost analysis of the time to complete STERC transfers from the NSR bank program to the Rule 2202 database staff is proposing a \$230.00 fee for each certificate transfer application and for each ERC certificate to be transferred out of the Rule 2202 program.

D. Proposed Amendments to Rule 311 – Air Quality Investment Program (AQIP) Fees

The Air Quality Investment Program (AQIP) is one of the compliance options available to employers where they may choose to participate by submitting an air quality investment fee that is placed in a restricted fund. These funds are used for projects that will result in emission reductions to offset the equivalent emissions of employee commutes. The AQIP specifically addresses employees commuting during the peak commute window of 6:00 a.m. to 10:00 a.m. Currently employers choosing the AQIP are required to invest \$60 per peak window employee annually or \$125 per employee triennially.

The AQIP requirements have not changed since Rule 2202 was adopted in December 1995. Since that time the emission reduction targets, based on EMFAC, have significantly decreased due to the overall vehicle fleet emissions becoming cleaner. The emission model accounts for many different factors such as population changes, vehicle miles traveled, and the vehicle fleet composition. The vehicle fleet has changed significantly due to the changes in tailpipe emissions and overall mile per gallon (mpg) improvements. As a result, emission factors for NO_x have decreased approximately 75% when comparing the 1996 and 2014 factors. Consequently, AQIP emission reduction compliance targets have decreased.

The decreasing emission target along with an unchanged dollar amount resulted in the AQIP program being able to achieve reductions exceeding the required compliance targets. The AQIP fee amount also has the effect of setting a price ceiling for the cost of other emission credits in the Rule 2202 program. The relative cost of the AQIP to other emission strategy programs could be considered artificially high which potentially may impact employers by strongly influencing their compliance options.

The cost analysis included the current employer participation level, the future emission reduction targets and the cost per pound of the most recently fully funded AQIP projects to determine the pricing structure that would set the AQIP on level with other emission reduction programs.

An assumption used in determining the revised AQIP fee was that the 2013 employee participation would remain the same. Different dollar per employee amounts were used to determine the total amount of fund dollars that would be available for emission reduction projects. The dollar amounts considered were \$50, \$45 and \$40 per employee. Based on the Rule emission factors, the program's emission reduction targets for future years were also determined.

The next step was to determine the cost per pound of emissions. This was calculated by reviewing the most recently funded AQIP projects for cost and emission reductions

achieved for each. The resulting cost was adjusted upward to account for potential future increases in project funding. Since the AQIP funds the most cost effective projects and projects are selected based on a competitive bid process it is possible to determine a reasonable estimate of the market value of the emission credits. Staff then evaluated the different cost per employee amounts by determining if the amount collect at each dollar level would be sufficient to purchase enough emission reduction credits to meet the required AQIP emission targets.

Accordingly, staff is proposing an adjustment of the annual AQIP cost to \$45 per peak window employee. The proposed cost would align this program with the cost of other emission reduction programs. As a result, the AQIP would be a more viable compliance option, affording additional compliance flexibility for employers.

IMPACT ASSESSMENT

A. Affected Facilities

There are approximately 1,336 worksites that are subject to Rule 2202, which represents over 1.17 million worksite employees throughout the region that are affected by Rule 2202. The worksites are not concentrated in any particular business or industry. These worksites have the option of participating in two types of programs: the ERS or AQIP. Employers may choose to implement an ECRP as an exemption rather than comply with the rule options. Within the Rule 2202 worksite population, participation in the ERS, ECRP, and AQIP is approximately 45%, 50%, and 5% respectively. For the emission reduction strategy, the requirement is to achieve emission reductions for that worksite, which is determined by the number of employees reporting to work during the peak commute window time period of 6:00 a.m. to 10:00 a.m., and the employee emission reduction factor compliance zone. Under the AQIP, worksites pay a fixed amount per employee reporting to work during the peak commute window time period to a restricted fund that is used to purchase emission credits or fund projects that achieve an equivalent amount of mobile source emission reductions. Employers participating in the AQIP will not be adversely affected by the proposed amendments because the proposed AQIP fees are reduced.

The proposed amendment to the rule and guidelines may affect employers implementing an ERS. The proposed amendments will not result in an increase in the employee emission reduction targets. Employers always have the option of switching between the different rule options. However, the choice between AQIP and an emission reduction strategy would be determined by their relative cost. If ERS was chosen, the total cost will be determined by market cost, which depends on credit availability and may be limited by competition with the AQIP program. The resulting effects of the AQIP fee amendments on the emission market or to the employers cannot be predicted, however, if the AQIP is chosen, it could represent a cost-savings to employers. It is anticipated that

some employers may transition to AQIP if the emission credit market is deemed more expensive than AQIP. In general the emission reduction credits are often market priced to be competitive with the costs of the AQIP. The proposal will afford employers additional flexibility in complying with Rule 2202 requirements.

B. Rule Adoption Relative to the Cost Effectiveness Schedule

On October 14, 1994, the Governing Board adopted a resolution requiring staff to consider rules being proposed for adoption in order of cost-effectiveness. The Air Quality Management Plan (AQMP) ranked, in order of cost-effectiveness, all of the proposed control measures for which costs were quantified, with the most cost-effective measures to be considered first. Since Proposed Amended Rule 2202 is not an AQMP control measure, consideration in order of cost-effectiveness is not required.

Cost Effectiveness Analysis

Cost-effectiveness is defined as the cost to comply with the new regulatory requirements, expressed in terms of dollars per ton of pollutant reduced. The California Health and Safety Code §40703 requires a determination of cost effectiveness. There is no change in emission targets such that further reductions attributable to the proposed amendments are expected. Furthermore, the proposed amendments are not expected to increase overall compliance cost due to the prohibition of new ERC transfers or the annual discount of existing ERCs, since other compliance options are available and the lowering of the AQIP cost from \$60 to \$45 per window employee will directly benefit participating employers and indirectly ERS participants. This is because the AQIP price sets the ceiling for all credit prices. In summary the cost effectiveness estimate is applicable for this proposal. See the Socioeconomic Assessment for a more detailed discussion on the cost impact of Rule 2202.

INCREMENTAL COST EFFECTIVENESS

Health and Safety Code Section 40920.6 requires an incremental cost-effectiveness analysis for the proposed amendments. Incremental cost effectiveness is defined as the difference in control costs divided by the difference in emission reductions between two potential control options that can achieve the same emission reduction goal of a regulation. A more stringent control option would be to require the current Rule worksites to reduce emissions equivalent to the trips that should have occurred if all of the worksites were required to meet the AVR performance requirement. Worksites failing to meet their AVR requirement would be required to surrender emission reduction credits equivalent to the difference of their current AVR and the Performance Zone AVR.

LEGISLATIVE AUTHORITY

The California Legislature created the SCAQMD in 1977 (The Lewis-Presley Air Quality Management Act, Health and Safety Code Section 40400 et seq.) as the agency responsible for developing and enforcing air pollution control rules and regulations in the South Coast Air Basin (Basin). By statute, the SCAQMD is required to adopt an Air Quality Management Plan (AQMP) demonstrating compliance with all state and federal ambient air quality standards for the Basin [California Health and Safety Code Section 40460(a)]. Furthermore, the SCAQMD must adopt rules and regulations that carry out the AQMP [California Health and Safety Code Section 40440(a)]. The emission reductions from Rule 2202 are included in the AQMP and contribute to demonstrating compliance with state and federal ambient air quality standards. As such, the proposed Rule 2202 amendments will be consistent with the methodologies used in the AQMP.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) ANALYSIS

Pursuant to the California Environmental Quality Act (CEQA) and SCAQMD Rule 110, the SCAQMD has prepared the appropriate CEQA document to analyze any potential adverse environmental impacts associated with Proposed Amended Rule 2202, Proposed Amended Rule 2202 Implementation Guidelines, Proposed Amended Rule 301, and Proposed Amended Rule 311 and is attached.

COMPARATIVE ANALYSIS

Health and Safety Code section 40727.2 requires a comparison of the proposed amended rule with existing regulations imposed on the same equipment. There are no federal air pollution regulations that affect this type of operations.

DRAFT FINDINGS UNDER THE CALIFORNIA HEALTH AND SAFETY CODE

Before adopting, amending, or repealing a rule, the California Health and Safety Code requires the SCAQMD to adopt written findings of necessity, authority, clarity, consistency, non-duplication, and reference, as defined in Section 40727. The draft findings are as follows:

Necessity - The SCAQMD Governing Board has determined that a need exists to amend Rule 2202 – On-Road Motor Vehicle Mitigation Options in order to be consistent with current State and SCAQMD emission reductions estimates and to increase the effectiveness of the program.

Authority - The SCAQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from the California Health and Safety Code Sections 40000, 40001, 40440, 40441, 40463, 40702, and 40725 through 40728.

Clarity - The SCAQMD Governing Board has determined that the proposed amendment to Rule 2202 is written or displayed so that its meaning can be easily understood by persons directly affected by it.

Consistency - The SCAQMD Governing Board has determined that Proposed Amended Rule 2202 is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, federal or state regulations.

Non-Duplication - The SCAQMD Governing Board has determined that the proposed amendment to Rule 2202 does not impose the same requirements as any existing state or federal regulations, and the proposed amended rule is necessary and proper to execute the powers and duties granted to, and imposed upon, the SCAQMD.

Reference - In adopting this regulation, the SCAQMD Governing Board references the following statutes which the SCAQMD hereby implements, interprets or makes specific: California Health and Safety Code Sections 40001, 40440(a), 40440(c), and the Federal Clean Air Act Section 182(d)(1)(B) (equivalent emission reduction for AVR requirements).

PUBLIC COMMENTS AND RESPONSES

This section summarizes the responses to comments received following the Stakeholder Working Group Meetings on April 3rd and 16th, 2014; and the Public Consultation Meeting held on April 24, 2014.

1. Comment

Continue to allow the transfer of ERCs into the Rule 2202 program.

Response

Staff did consider alternatives such as the limitation of ERC transfers, as discussed in the staff report, to an amount above a minimum threshold amount to ensure the availability of ERCs for NSR use ~~integrity of the NSR bank~~. However, analysis resulted in the minimum threshold needed to be set at a level that it was unlikely that ERCs would be available for use in Rule 2202. Therefore, staff is proposing that the transfer of ERCs be prohibited.

2. Comment

The ERCs currently in the Rule 2202 program should not be discounted.

Response

The continued use of undiscounted ERCs has the potential to reduce the viability of other emission credits sources such as those from mobile source projects. ERCs are primarily

intended for use by stationary sources. However, the annual discounting is proposed to begin in the eighth year to address investments made in the ERCs.

3. Comment

Staff needs to re-evaluate the proposed STERC transfer administrative process and cost.

Response

Staff has evaluated the STERC administrative fee for the transfer into the Rule 2202 program. Staff is now proposing amendments to Rule 301 – Permitting and Associated Fees to add a reduced fee for the transfer and permanent retirement of STERCs into Rule 2202.

4. Comment

Request that the triennial fee option for the AQIP be retained.

Response

Staff agrees that there could be an impact for some employers and is proposing to retain the triennial AQIP fee.

5. Comment

Request additional MSERC protocols for private parties use to create tradable credits for use within the Rule 2202 program.

Response

Staff is in the process of evaluating additional protocols and plans to submit them to the Mobile Source Committee in the next couple of months.

6. Comment

The proposed language in the rule that explicitly states ERCs are permanently retired if the rule is rescinded should be removed. ERCs should be restored to NSR use banks if the rule is rescinded.

Response

The request to reissue ERCs after being used in the Rule 2202 program is not currently authorized by the rule. US EPA approval will be needed if the ERCs are to reenter the NSR program and potentially used by a permitted source. ~~Staff is consulting with the US EPA on this matter.~~ Based on staff's subsequent discussions with the U.S. EPA, if none of the ERC certificate has not been used in any discrete year to comply with any Rule 2202 requirements then the original ERC certificate may be transferred out of the program at any time upon approval of the Executive Officer. If this condition is met, the ERC certificate will be reissued in lbs/day based on the amount that was transferred minus the 10% originally discounted when it was initially transferred into the program.

7. Comment

Requested clarification if the annual discounting applies to all ERCs or only to those in the Rule 2202 program.

Response

The annual discounting of ERCs applies only to those ERCs that have been transferred into the Rule 2202 program.

8. Comment

Worksites exceeding their worksite Average Vehicle Ridership (AVR) should be able to bank and trade the excess AVR to other parties.

Response

AVR is calculated based on a one week survey of the worksite. Therefore, the use of excess AVR will not meet the credit certification requirements: real, surplus, quantifiable, and enforceable emission reduction credits. However, staff will explore additional incentives that could be used for those worksites exceeding an AVR target as part of the ECRP Guidelines review later this year.

9. Comment

Staff should consider ways to reduce ECRP through the elimination of certain program requirements.

Response

While the ECRP Guidelines are not being addressed at this time, staff will initiate discussion later this year to review potential program simplifications.

Attachment A – Terms and Conditions

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION PROGRAMS
ERC TRANSFER TERMS AND CONDITIONS**

CERTIFICATE #: _____

THE UNDERSIGNED AGREES TO THE FOREGOING:

- 1. I ACKNOWLEDGE AND UNDERSTAND THAT ERCs CAN VOLUNTARILY BE TRANSFERRED INTO THE RULE 2202 PROGRAM BY SURRENDERING THE ORIGINAL CERTIFICATE OF TITLE TO THE DISTRICT.**
- 2. I ACKNOWLEDGE AND UNDERSTAND THAT ONCE ERCs ARE DEPOSITED INTO A RULE 2202 BROKER ACCOUNT, THESE CREDITS CANNOT BE TRANSFERRED OUT OR USED UNDER ANY OTHER RULE OR PROGRAM, BUT EXCLUSIVELY IN THE RULE 2202 PROGRAM.**
- 3. I ACKNOWLEDGE AND UNDERSTAND THAT ERCs TRANSFERRED INTO THE RULE 2202 PROGRAM ARE SUBJECT TO A 10% DISCOUNT.**
- 4. I ACKNOWLEDGE AND UNDERSTAND THAT AN ERC CERTIFICATE OF TITLE MAY BE SPLIT INTO MULTIPLE CERTIFICATES USING EXISTING PROCEDURES. PARTIAL AMOUNTS OF AN ERC CERTIFICATE CANNOT BE TRANSFERRED INTO THE RULE 2202 PROGRAM. A CERTIFICATE MUST BE SURRENDERED IN FULL. NO PARTIAL, LEASED, OR TIME-LIMITED EMISSION STREAMS ARE ALLOWED INTO THE RULE 2202 PROGRAM.**
- 5. I ACKNOWLEDGE AND UNDERSTAND THAT THE DISTRICT RESERVES THE RIGHT TO RESCIND RULE 2202. IF RULE 2202 IS RESCINDED, THE ERCs WILL BE PERMANENTLY RETIRED TO BENEFIT THE ENVIRONMENT.**

SIGNATURE: _____ **DATE:** _____

PRINT NAME: _____

TITLE: _____

REPRESENTING: _____

For District Use Only

RECEIVED BY: _____ **DATE:** _____

January 7, 2011

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

FINAL Socioeconomic Assessment for Proposed Amended Rule 2202-On-Road Motor Vehicle Mitigation Options Proposed Amended Rule 301-Permitting and Associated Fees Proposed Amended Rule 311-Air Quality Investment Program Fees

June 2014

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**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
GOVERNING BOARD**

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Cities of Orange County

EXECUTIVE OFFICER: BARRY R. WALLERSTEIN, D.Env.

EXECUTIVE SUMMARY

Rule 2202 - On Road Motor Vehicle Mitigation Options, obtains mobile source emissions reductions of VOC, NOx, and CO and is applicable to worksites with 250 or more employees in the SCAQMD's four-county jurisdiction. To meet its annual emission reduction target (ERT), a worksite has the following options: it may use an Emission Reduction Strategy (ERS) by surrendering emission credits including Mobile Source Emission Reduction Credits (MSERCs), Area Source Credits (ASCs), Emission Reduction Credits (ERCs), and Short Term Emission Reduction Credits (STERC), or it may pay an Air Quality Investment Program (AQIP) fee per peak window employee who reports to work during the time period of 6:00 a.m. to 10:00 a.m. Alternatively, a worksite may implement an Employee Commute Reduction Program (ECRP, also known as a "rideshare program") as an exemption from compliance with the rule options.

The associated fees to comply with Rule 2202 are specified in Rule 301- Permitting and Associated Fees, which sets the fee rates to process ERCs and STERCs. Rule 308 - On Road Motor Vehicle Mitigation Options Fees sets the fee rates to process Annual Registrations and ECRPs. Rule 311 - Air Quality Investment Program Fees sets the fee rates for AQIP options.

A socioeconomic analysis was conducted to assess the impacts of Proposed Amended Rules (PARs) 2202, 301, and 311. A summary of the analysis and findings is presented below.

Elements of the Proposed Rule Amendments	<p>PAR 2202 would disallow any new transfer of ERCs (NOx, VOC, CO) into Rule 2202. This is to address a significant concern regarding the future availability of ERCs for use by stationary sources. Moreover, to create a level playing field and maintain the viability of other compliance programs, it would annually discount the existing ERCs in the Rule 2202 Program based on the latest emission reductions according to the EMFAC model to reflect fleet turnover and adopted vehicle standards.</p> <p>PAR 301 would add a new fee line item, Fees for Retirement of STERCs for Permanent Transfer into Rule 2202 <u>and for ERCs Transferred Out of Rule 2202</u>, at \$230. This new fee would be in lieu of the fee for a New Source Review Certificate of Title Change (\$643) plus the fee for administering Rule 2202 credit transfer transactions (\$79) that are to be paid to process STERCs transferred into Rule 2202 <u>and ERCs transferred out of Rule 2202</u>.</p> <p>PAR 311 would lower the per peak window employee fee to \$45 for AQIP participants. The current fee rate of \$60 has not been amended since the rule was adopted in 1995, and the amount of fees previously collected has achieved emission reductions exceeding the AQIP reduction obligations.</p>
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Affected Facilities	The proposed amendments would potentially affect all active facilities in Rule 2202. As of April 29, 2014, there were 1,336 active worksites distributed across all types of industries. 40 percent of them, while meeting the threshold for applicability, had 250 or fewer employees reporting to work during the peak commute window time period of 6:00 a.m. to 10:00 a.m. Such worksites constituted the majority of AQIP participants. Overall, 5 percent of the active worksites paid AQIP fees, 45 percent adopted an ERS, and the remaining 50 percent implemented an ECRP. According to the latest Dun and Bradstreet data, 130 worksites are classified as small businesses pursuant to the Small Business Administration's definitions (which vary by six-digit North American Industrial Classification System codes).
Assumption of Analysis	It is assumed that a worksite would choose the most cost-effective compliance program.
Compliance Costs and Other Potential Impacts	<p>For ECRP worksites, no changes are expected from the current level of compliance costs. Any potential change in the choice of compliance program is expected to be a shift towards a less costly option and thus reflects a cost saving.</p> <p>For ERS worksites, no increases are expected from the current level of compliance costs. PAR 2202 would gradually reduce the future inventory of ERCs currently in the Rule 2202 emission credit market due to the proposed annual discount. However, the ERTs are also declining annually due to reductions in annual vehicle emission rates. As a result, PAR 2202 by itself is not expected to lead to an increase in emission credit prices. Moreover, PAR 311 would lower the AQIP fee rate, thus resetting the implicit price ceiling for emission credits to \$45 per peak window employee, down from the current rate of \$60. This cap on credit price could potentially benefit the ERS worksites by limiting the scale of any future price upswing due to market factors.</p> <p>For AQIP worksites, the proposed reduced fee rate of \$45 per peak window employee would result in a combined cost saving of \$48,930 per year for those who are currently choosing the annual plan submittal option. This cost saving would mostly accrue to smaller worksites, particularly those who have met the threshold for rule applicability but have 250 or fewer peak window employees. Although no change in compliance cost is expected for those AQIP worksites participating in the triennial plan submittal option, additional cost saving may occur if they report additional peak window employees during the second and third year registrations. The reduction in compliance cost would be \$15 per additional peak window employee.</p> <p>Finally, while annually discounting ERCs would lead to a gradually</p>

	reduced amount of ERCs held by credit vendors, the final impact may not necessarily be adverse due to the actual price of emission credits at the time of sale or lease. Meanwhile, PAR 2202 also includes the provision that no ERC discount would occur during the first seven years following the transfer into Rule 2202, thus allowing time for expenses to be recouped. Furthermore, the SCAQMD credit transfer processes have been streamlined resulting in lower costs to credit holders. A new \$230 PAR 301 fee would consolidate and reduce administrative costs for the purchase of STERCs directly transferred into Rule 2202.
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INTRODUCTION

Rule 2202 - On Road Motor Vehicle Mitigation Options, obtains mobile source emissions reductions of VOC, NOx, and CO through a variety of compliance strategies. The rule is applicable to worksites with 250 or more employees in SCAQMD's four-county jurisdiction. A worksite is required to achieve an annual emission reduction target (ERT) that is determined by the number of employees reporting to work during the peak commute window time period of 6:00 a.m. to 10:00 a.m., and the average vehicle ridership (AVR) target that varies with the compliance zone that worksite belongs to.

As of April 29, 2014, there were 1,336 active worksites in the Rule 2202 program. Among them, 45 percent utilized Emission Reduction Strategies (ERS) by surrendering Mobile Source Emission Reduction Credits (MSERCs) or stationary source credits such as Emission Reduction Credits (ERCs) and Short-Term Emission Reduction Credits (STERCs).¹ Another five percent contributed to the Air Quality Investment Program (AQIP) by paying fee rates specified in Rule 311.² The remaining 50 percent implemented an Employee Commute Reduction Program (ECRP, also known as a "rideshare program") as an exemption from compliance with the rule options.³

The SCAQMD Governing Board approved, in January 2014, a moratorium on NOx ERCs in Rule 2202. Due to a significant concern regarding the future availability of ERCs for use by stationary sources, the Proposed Amended Rule (PAR) 2202 would further limit the use of ERCs in Rule 2202. Specifically, the proposed amendments would:

- Disallow any new transfer of ERCs⁴ (NOx, VOC, CO) into Rule 2202, effective on and after rule date of adoption.
- Annually discount the ERCs that have been transferred into Rule 2202 prior to the date of adoption. The purpose of this amendment is to create a level playing field and maintain the viability of other compliance programs. To reflect fleet turnover and adopted rules, the annual discounting would be based on the latest Emission Factors (EMFAC) model developed by the California Air Resources Board (CARB). This amendment would be effective from January 1, 2015. For the ERCs that were transferred into Rule 2202 in 2009 or later, the annual discount would begin on January 1 of the eighth calendar year following the transfer.⁵

¹ MSERCs, especially those generated from old vehicle scrapping, are the major source of credits used in Rule 2202. As of January 28, 2014, 48 percent of NOx, 91 percent of CO, and 59 percent of VOC credits used in Rule 2202 were originated from Rule 1610 (Old Vehicle Scrapping). Other MSERCs originated from Rules 1612 (Credits for Clean On-Road Vehicles) and 1620 (Credits for Clean Off-Road Mobile Equipment) accounted for 20 percent of NOx, 6 percent of CO, and none of the VOC credits used in Rule 2202.

² The AQIP fees are paid to a restricted fund that is used to purchase emission credits or fund projects that achieve an equivalent amount of mobile source emission reductions.

³ For the ECRP, the goal is to achieve an average vehicle ridership (AVR) of 1.75, 1.5, or 1.3 for compliance zones 1, 2 and 3 respectively.

⁴ ERCs are formally defined in Rule 1302 (l) and includes the permanent credit issued under Rule 1309 (f)(1).

⁵ See the Staff Report for details of annual ERC discounting.

Notwithstanding these proposed amendments, the use of STERCs in Rule 2202 would remain as a compliance option. Currently, the fee to process a New Source Review Certificate of Title Change is \$643, and the fee charged to administer Rule 2202 credit transfer transactions is \$79. The SCAQMD credit transfer processes have been streamlined resulting in lower costs to credit holders. Therefore, staff proposed amendments to Rule 301 that would:

- Create a new fee line item, Fees for Retirement of STERCs for ~~Permanent~~-Transfer into Rule 2202 and the Transfer of ERCs out of Rule 2202, and set the fee rate at \$230. This proposed amendment would be effective July 1, 2014.

Emissions from mobile sources have declined over time, resulting in a reduction in EMFAC model factors. However, the AQIP fee charged to capture reductions has remained the same, causing AQIP to become a relatively less cost-effective compliance option. As a result, the number of AQIP worksites has decreased to 65 as of April 29, 2014, from 287 in December, 2002. To reflect the emission reductions that have occurred since the current fee rate was adopted in 1995 as well as the fact that the amount of fees collected has achieved emission reductions exceeding the reduction obligations, staff also proposes amendments to Rule 311. They would:

- Lower the peak window employee fee to \$45, from the current rate of \$60, effectively from July 1, 2014. The modified rate is applicable to the worksites that chose the annual plan submittal option. For the worksites that chose the triennial plan submittal option of \$125 per peak window employee, the modified rate is applicable to any additional peak window employee fee charges for the second and third year registrations.

LEGISLATIVE MANDATES

The SCAQMD is required to undertake socioeconomic analyses by Health & Safety Code (H&SC) Sections 40440.8(a) and (b) for proposed rules and rule amendments that *"will significantly affect air quality or emissions limitations."* While the proposed amendments to Rules 2202, 301, and 311 may, to a certain degree, impact the employer's choice of compliance strategies and the associated compliance costs, it would not in any case alter the emission reduction targets. Consequently, the proposed amendments would produce little impact on air quality or emission limitations and do not satisfy the criterion stated in H&SC Sections 40440.8(a) and (b). Therefore, the analysis herein is presented for informational purposes only.

AFFECTED FACILITIES

The proposed amendments to Rules 2202, 301, and 311 would potentially affect all worksites with 250 or more employees in SCAQMD's four-county jurisdiction. As of April 29, 2014, the number of active worksites totaled 1,336. They employed over 1.17 million individuals, representing roughly 15 percent of the total four-county employment.⁶ As indicated in Table 1, these facilities belonged to ~~all~~ most types of

⁶ According to California Employment Development Department, the combined level of employment in March, 2014 was 7.73 million for the counties of Los Angeles, Orange, San Bernardino, and Riverside.

industries categorized in the North American Industry Classification System (NAICS). Among them, more than one third belonged to the Services industry (35 percent), followed by Retail Trade (16 percent), Manufacturing (15 percent), and Public Administration (11 percent) industries. In addition to the active worksites, it is expected that a total of four active credit vendors who brokered ERCs in the Rule 2202 program would also be affected. They belonged to the industry of Securities, Commodity Contracts, and Other Financial Investments and Related Activities (NAICS: 523).

Table 1: Affected Worksites by Industry*

Industry	NAICS	Number of Facilities	Share
Services	54-81	465	(35%)
Retail Trade	44-45	219	(16%)
Manufacturing	31-33	199	(15%)
Public Administration	92	145	(11%)
Finance and Insurance	52	84	(6%)
Transportation & Warehousing	48-49	68	(5%)
Information	51	53	(4%)
Wholesale Trade	42	47	(4%)
Utilities	22	21	(2%)
Real Estate and Rental Leasing	53	16	(1%)
Construction	23	9	(1%)
Unclassified**		10	(1%)
Total		1,336	(100%)

* Active worksites as of April 29, 2014.

** Worksites with no NAICS codes.

Table 2 shows that, among all active worksites that met the threshold for applicability, 40 percent consisted of generally smaller employers that met rule threshold applicably but had 250 or fewer peak window employees. Unlike the larger worksites, the smaller worksites rely less on ECRP as an exemption from rule compliance but more on ERS by purchasing or leasing emission credits. This may be due to the fixed overhead costs of running an ECRP, which render it more economical for larger employers who incur a lower average cost per participating employee. Indeed, less than half of the smaller worksites implemented an ECRP while more than half opted for ERS or AQIP.

Table 2: Affected Worksites by Compliance Program and Number of Peak Window Employees*

Peak Window Employees	Compliance Program			All	
	ECRP ¹	ERS ²	AQIP ³		
<= 250	223	259	52	534	(40%)
251-500	229	183	12	424	(32%)
501-750	89	71	1	161	(12%)
751-1000	43	27	-	70	(5%)
> 1000	83	64	-	147	(11%)
All	667 (50%)	604 (45%)	65 (5%)	1,336	

* Active worksites as of April 29, 2014.

1) ECRP: Employee Commute Reduction Program

2) ERS: Emission Reduction Strategies, the use of credits including ERCs, STERCs, Area Source Credits, as well as MSERCs issued under Rules

- 1610 (Old-Vehicle Scrapping), 1612 (Credits for Clean On-Road Vehicles), and 1620 (Credits for Clean Off-Road Mobile Equipment)
- 3) AQIP: Air Quality Investment Program

It is also observed that the majority of AQIP worksites tended to be smaller. Even among the smaller worksites, the average number of peak window employees was only 73 for those choosing to pay AQIP fees, in contrast to 177 and 138 for those opting for ECRP and ERS respectively. This may indicate that the pricing strategy in the emission credit market favors larger worksites with a greater annual demand, and therefore, the smallest worksites would still find AQIP a more affordable option.

Small Businesses

The SCAQMD defines a "small business" in Rule 102 for purposes of fees as one which employs 10 or fewer persons and which earns less than \$500,000 in gross annual receipts. The SCAQMD also defines "small business" for the purpose of qualifying for access to services from the SCAQMD's Small Business Assistance Office (SBAO) as a business with an annual receipt of \$5 million or less, or with 100 or fewer employees. In addition to the SCAQMD's definition of a small business, the federal Clean Air Act Amendments (CAAA) of 1990 and the federal Small Business Administration (SBA) also provide definitions of a small business.

The CAAA classifies a business as a "small business stationary source" if it: (1) employs 100 or fewer employees, (2) does not emit more than 10 tons per year of either VOC or NO_x, and (3) is a small business as defined by SBA. The SBA definitions of small businesses vary by six-digit North American Industrial Classification System (NAICS) codes. In general terms, a small businesses must have no more than 500 employees for most manufacturing and mining industries, and no more than \$7 million in average annual receipts for most nonmanufacturing industries.⁷

All the definitions above apply at the firm level and do not apply to the public sector. No active worksites would be classified as small business under the SCAQMD Rule 102 definition or the CAAA due to the size of total reported employment. According to the Dun and Bradstreet database acquired in January 2014, 130 of the 1,336 active worksites and three of the four credit vendors would be classified as small businesses under the SBA definition.

COMPLIANCE COSTS

Under Rule 2202, the worksites with 250 or more employees in the SCAQMD's four-county jurisdiction can choose between ERS and AQIP as the compliance option, or implement an ECRP as an exemption from compliance with the rule options. It can be reasonably assumed that a worksite would choose the most cost-effective compliance program.

⁷ See the SBA website (<http://www.sba.gov/community/blogs/community-blogs/small-business-matters/what-small-business-what-you-need-know-and-wh>). The latest SBA definition of small businesses by industry can be found at <http://www.sba.gov/content/table-small-business-size-standards>.

Over the past decade, while the number of active worksites has little changed, there is an increasingly larger share of worksites opting out of ECRP and AQIP and choosing ERS instead (see Table 3). This most likely reflects a declining trend of emission credit price in the Rule 2202 credit market. On the one hand, the EMFAC-based employee emission reduction factors used in calculating ERTs⁸ have been cut by 65 to 70 percent for each of the concerned pollutants during the past 10 years. Therefore, the ERTs have been significantly lowered, resulting in decreased demand for emission credits. On the other hand, the supply of emission credits in the Rule 2202 program remains ample. In particular, the pool of available ERCs has become increasingly larger due to their permanent nature and without a built-in discount mechanism. The combination of lowered demand and increased supply thus generally created a price advantage for compliance with the ERS option over other programs.

**Table 3: Share of Active Worksites by Compliance Program
December, 2002 vs. April, 2014**

Year	Compliance Program			Number of Active Worksites
	ECRP	ERS	AQIP	
2002*	56%	22%	22%	1,331
2014**	50%	45%	5%	1,336
Change	-6%	23%	-17%	5

* As reported in the 2004 Final Socioeconomic Assessment for PAR 2202. The report used Rule 2202 data dated December, 2002.

** Active worksites as of April 29, 2014.

The analysis below will discuss, by the type of compliance program, the potential changes from the current compliance costs due to the proposed amendments.

Employee Commute Reduction Program (ECRP)

No change in compliance cost would be expected for the worksites that currently implement an ECRP. Any potential change in the choice of compliance program is assumed to be a shift towards a less costly option, and thus, it would reflect a cost saving.

Emission Reduction Strategy (ERS)

Emission credit prices are negotiated between the seller and the buyer. Since employers and emission credit brokers do not disclose the credit price, staff is unable to derive a representative compliance cost. However, given the observed large shift in compliance option from AQIP to ERS, it can be reasonably assumed that the compliance cost for ERS worksites lies well below \$60 per peak window employee, the AQIP fee rate for the annual plan submittal option, and below the \$41.67 per peak window employee, the equivalent AQIP rate for the triennial plan submittal option (\$125 divided by 3 years).

By disallowing any future transfer of ERCs into Rule 2202 and discounting the existing ERCs already in the program, PAR 2202 would gradually reduce the future inventory of

⁸ [ERT] = [Peak Window Employees x Employee Emission Reduction Factor]-[Vehicle Trip Emission Credits]. See the Rule 2202 Implementation Guidelines for details of the formula.

ERCs currently in the Rule 2202 emission credit market. However, it should be noted that the total pool of emission credits in the Rule 2002 program is jointly determined by the availability of STERCs, ASCs, and MSERCs in addition to ERCs, with MSERCs constituting the majority of available emission credits for every pollutant in concern.⁹ Therefore, on the supply side, discounting ERCs *per se* would lead to a less-than-proportional reduction in the total amount of emission credits available. On the demand side, however, the employee emission reduction factors will continue to decline at the same rate at which ERCs would be discounted since both are derived from EMFAC to reflect reductions in annual vehicle emission rates. As a result, the proposed discount of ERCs by itself would not increase the compliance cost from the current level.

At the same time, PAR 311 would reset the implicit price ceiling for all emission credits (ERCs, STERCs, ASCs, and MSERCs included) so that the annual compliance cost per peak window employee would be expected to not exceed \$45, an alternative provided by AQIP. This cap on credit price could potentially benefit the ERS worksites by limiting the scale of any future price upswing due to market factors.

Air Quality Investment Program (AQIP)

PAR 311 would lower the AQIP fee rate to \$45 from \$60 for the worksites choosing the AQIP's annual plan submittal option. Thus, the 41 worksites currently participating in this program would benefit from a reduction in compliance cost by \$15 per peak window employee. With a total of 3,262 peak window employees as reported on April 29 this year, it would amount to a combined cost saving of \$48,930 per year. For the AQIP worksites currently participating in the triennial plan submittal option, no change in compliance cost would be expected unless additional peak window employees are reported during the second and third year registrations. In this case, there would be a cost saving of \$15 per additional peak window employee. As discussed above, the reduction in compliance cost would mainly benefit smaller worksites because they account for the majority of AQIP participants.¹⁰

MACROECONOMIC IMPACTS ON REGIONAL ECONOMY

The potential job and other macroeconomic impacts of the proposed amendments are normally projected through the model developed by the Regional Economic Modeling Inc. (REMI). The REMI model performs simulation and forecasting designed to examine the economic and demographic effects resulting from policy initiatives or external events that would significantly impact economic behaviors or prices of goods and services in a regional economy. However, a REMI analysis is not performed here for the following reasons.

⁹ As of March 26, 2014, the major source of available NOx emission credits in the Rule 2202 program was MSERCs (1,616 lbs/day), which was remotely followed by ERCs (280 lbs/day). Similarly, the available VOC emission credits were mostly accounted for by MSERCs (1,020 lbs/day), followed by ERCs (613 lbs/day).

¹⁰ As of April 29, 2014, 52 of the 65 AQIP worksites had 250 or fewer peak window employees. Among the 41 AQIP worksites that chose the annual plan submittal option, 36 had 250 or fewer peak window employees.

First, due to lack of price information on emission credits, staff cannot estimate the exact magnitude of changes in compliance costs attributable to the proposed amendments. Second, macroeconomic impacts projected by REMI may fall within the standard errors of the model when the proposed amendments do not lead to significant changes from the baseline. As discussed above, among the currently active worksites, the proposed amendments are expected to result in very small changes, if any, from the current level of compliance costs. While discounting ERCs as proposed in PAR 2202 would lead to a gradually reduced amount of ERCs held by credit vendors, the final impact on them may not be necessarily adverse because it would depend on the actual price of emission credits at the time of sale or lease. Meanwhile, to help credit holders recoup investment, PAR 2202 also includes the provision that no ERC discount would occur during the first seven years following the transfer into Rule 2202. Furthermore, PAR 301 would consolidate administrative costs and charge \$230 for the purchase of STERCs directly transferred into Rule 2202. This would be in lieu of the fee for a New Source Review Certificate of Title Change (\$643) plus the fee for administering Rule 2202 credit transfer transactions (\$79). (However, the cost would go up to \$230 from \$79 for credit vendors to transfer the STERCs already in their possession into Rule 2202.) Finally, a REMI analysis is not required, since the proposed amendments do not significantly affect air quality or emission limitations.

CEQA ALTERNATIVES

The proposed amendments do not have the potential to significantly affect air quality or any other environmental categories. Therefore, they are exempt from CEQA and there are no CEQA alternatives. A Notice of Exemption has been prepared by the CEQA staff.

SUMMARY

The above analysis examines the type of facilities that would be potentially affected by the proposed amendments to Rules 2202, 301, and 311, and it also assesses whether there would be any potential changes in compliance costs from their current levels. It is found that the smaller worksites with 250 or fewer peak window employees account for the majority of AQIP participants, and therefore, they would be the main beneficiary of a lower AQIP fee due to PAR 311. PAR 2202, which would disallow any future transfer of ERCs and discount the existing ERCs under the rule, would not by itself lead to an increase in emission credit price. Therefore, for worksites that utilize ERS, as well as those that implement an ECRP, no increase in compliance costs is expected. All together, the proposed amendments would not adversely impact the currently active worksites; moreover, they would lead to cost-savings for many of the smaller worksites.

REFERENCES

South Coast Air Quality Management District. Final Socioeconomic Assessment for Proposed Amended Rule 2202—On Road Motor Vehicle Mitigation Options. Diamond Bar, California: South Coast Air Quality Management District, 2004.

South Coast Air Quality Management District. Rule 2202—On-Road Motor Vehicle Mitigation Options: Draft Implementation Guidelines. Diamond Bar, California: South Coast Air Quality Management District, 2014.

South Coast Air Quality Management District. Draft Staff Report for Rule 2202—On-Road Motor Vehicle Mitigation Options, Rule 2202—Implementation Guidelines, Rule 311—Air Quality Investment Program (AQIP) Fees. Diamond Bar, California: South Coast Air Quality Management District, 2014.

South Coast Air Quality Management District. Rule 2202 Database, accessed April 29, 2014 and March 26, 2014.

South Coast Air Quality Management District. ERC Database, accessed February 5, 2014.

U.S. Small Business Administration. Table of Small Business Size Standards. Washington, DC. 2014.

ATTACHMENT L



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4182
(909) 396-2000 • www.aqmd.gov

SUBJECT: NOTICE OF EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

PROJECT TITLE: PROPOSED AMENDED RULE 2202 – ROAD MOTOR VEHICLE MITIGATION OPTIONS, RULE 2202 IMPLEMENTATION GUIDELINES, RULE 301 – PERMITTING AND ASSOCIATED FEES, AND RULE 311 AIR QUALITY INVESTMENT PROGRAM FEES

Pursuant to the California Environmental Quality Act (CEQA) Guidelines, the South Coast Air Quality Management District (SCAQMD) is the Lead Agency and will prepare a Notice of Exemption for the project identified above.

In January 2014, the SCAQMD Governing Board approved a moratorium on the transfer of oxides of nitrogen (NOx) Emission Reduction Credits (ERCs) into Rule 2202, beginning January 10, 2014 through July 1, 2014. SCAQMD staff was directed to review the status of stationary source ERC banks and the potential impact of credit transfers into Rule 2202. The proposed project would amend Rule 2202 - On-Road Motor Vehicle Mitigation Options, the accompanying rule Implementation Guidelines, Rule 301 – Permitting and Associated Fees, and Rule 311 Air Quality Investment Program (AQIP) Fees. Sections of Rule 2202 and the Implementation Guidelines will be amended to preclude the transfer of ERCs and clarify the use of other existing emission credits in the Rule 2202 program. Rule 301 will be amended to include a Short Term Emission Reduction Credit (STERC) transfer fee. AQIP is a program option for applicable worksites within Rule 2202. The proposed project would reduce the per employee fee to more accurately reflect the costs to obtain the required emission reductions.

Pursuant to CEQA, the SCAQMD is the Lead Agency and has reviewed the proposed project mentioned above pursuant to CEQA Guidelines §§15002 (k)(1) and 15061. The proposed amendments do not have the potential to significantly affect air quality or any other environmental categories because they are administrative in nature in that they more specifically implement current provisions of Rule 2202. As a result, no new adverse impacts on the environment are expected from the proposed project. Since it can be seen with certainty that the proposed project has no potential to adversely impact air quality or any other environmental area, it is exempt from CEQA pursuant to state CEQA Guidelines §15061(b)(3) – Review for Exemption. A Notice of Exemption has been prepared pursuant to CEQA Guidelines §15062 - Notice of Exemption. The Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties immediately following the adoption of the proposed project.

Any questions regarding this Notice of Exemption should be sent to Jeff Inabinet (c/o Planning, Rule Development & Area Sources) at the above address. Mr. Inabinet can also be reached at (909) 396-2453.

Date: June 6, 2014

Signature: _____

Michael Krause
Program Supervisor – CEQA Section
Planning, Rule Development &
Area Sources

NOTICE OF EXEMPTION

To:	County Clerks of Los Angeles, Orange, Riverside, San Bernardino	From:	South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765
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Project Title:

Proposed Amended Rule 2202 – Road Motor Vehicle Mitigation Options, Rule 2202 Implementation Guidelines, Rule 301 – Permitting and Associated Fees, and Rule 311 Air Quality Investment Program Fees

Project Location:

South Coast Air Quality Management District (SCAQMD) area of jurisdiction consisting of the four-county South Coast Air Basin (Orange County and the non-desert portions of Los Angeles, Riverside and San Bernardino counties), and the Riverside County portions of the Salton Sea Air Basin and the Mojave Desert Air Basin.

Description of Nature, Purpose, and Beneficiaries of Project:

In January 2014, the SCAQMD Governing Board approved a moratorium on the transfer of oxides of nitrogen (NOx) Emission Reduction Credits (ERCs) into Rule 2202, beginning January 10, 2014 through July 1, 2014. SCAQMD staff was directed to review the status of stationary source ERC banks and the potential impact of credit transfers into Rule 2202. The proposed project would amend Rule 2202 - On-Road Motor Vehicle Mitigation Options, the accompanying rule Implementation Guidelines, Rule 301 – Permitting and Associated Fees, and Rule 311 Air Quality Investment Program (AQIP) Fees. Sections of Rule 2202 and the Implementation Guidelines will be amended to address the use of ERCs and clarify the use of other existing emission credits. Rule 301 will be amended to include a Short Term Emission Reduction Credit (STERC) transfer fee. AQIP is a program option for applicable worksites within Rule 2202. The proposed project would reduce the per employee fee to more accurately reflect the costs to obtain the required emission reductions.

Public Agency Approving Project:

South Coast Air Quality Management District

Agency Carrying Out Project:

South Coast Air Quality Management District

Exempt Status:

General Concepts [CEQA Guidelines §15002 (k)(1)]; and
General Rule Exemption [CEQA Guidelines §15061 (b)(3)]

Reasons why project is exempt:

The SCAQMD has reviewed the proposed amendments to Rule 2202, Rule 301, and Rule 311, pursuant to CEQA Guidelines §15002(k)(1) – Three Step Process, and CEQA Guidelines §15061 – Review for Exemption and has determined that the proposed amendments are exempt from CEQA pursuant to CEQA Guidelines §15061 (b)(3) – General Rule Exemption. The proposed amendments are not expected to adversely affect air quality or any other environmental categories because they are administrative in nature. As a result, no new adverse impacts on the environment are expected from the proposed project. Since it can be seen with certainty that the proposed project has no potential to adversely impact air quality or any other environmental area, it is exempt from CEQA pursuant to state CEQA Guidelines §15061(b)(3) – Review for Exemption.

Project Approval Date:

SCAQMD Governing Board Hearing: June 6, 2014, 9:00 a.m.; SCAQMD Headquarters

CEQA Contact Person:	Phone Number:	Fax Number:	Email:
Mr. Jeffrey Inabinet	(909) 396-2453	(909) 396-3324	jinabinet@aqmd.gov
Rule Contact Person:	Phone Number:	Fax Number:	Email:
Mr. Ernest Lopez	(909) 396-3305	(909) 396-3324	elopez@aqmd.gov

Date Received for Filing _____

Signature Signed upon approval
Michael Krause
Program Supervisor – CEQA Section
Planning, Rule Development
and Area Sources