

PROPOSED RULE 2702. GREENHOUSE GAS AIR QUALITY INVESTMENT PROGRAM (GHG AQIP)

(a) Purpose

The purpose of this rule is to create a Greenhouse Gas Air Quality Investment Program (GHG AQIP) for greenhouse gas emission reductions in the District. Projects funded through this program will generally also reduce criteria or toxic pollutants that can help local and regional air quality.

(b) Applicability

- (1) Participation in funding for projects or use of certified reductions are not limited by the District.
- (2) Uses may include, but are not limited to, CEQA or other mitigation, retirement to reduce or eliminate a carbon footprint by an individual, household, facility, corporation, community, city, or other group, as a gift, or any other use authorized by a local, state, federal or international program.

(c) Requests to Use GHG AQIP

- (1) Effective on and after (*date of adoption*), any party that elects to participate in the AQMD's AQIP shall:
 - (A) Submit a completed AQIP Request to the Executive Officer for certified emission reductions, and
 - (B) Pay a Participation Fee.
- (2) The Request shall include, but is not limited to the following information:
 - (A) Facility name, facility identification number, and location of the facility, if applicable, or the party's name, address and other contact information;
 - (B) The amount of greenhouse gas emission reductions, in CO₂E, requested; and
 - (C) The anticipated use of the reductions, if known.
- (3) The participation fee shall be subject to the fee schedule set forth in Rule 311 – Air Quality Investment Fee (AQIP) fees and is non-refundable upon submittal to the Executive Officer.

PR 2702 (Cont.)

- (4) Evaluation and Approval of the AQIP Requests
 - (A) The Executive Officer will accept or decline the AQIP Request within 30 days after a complete Request is submitted to the Executive Officer.
 - (B) A Request is approved by the Executive Officer upon receipt of applicable AQIP fees pursuant to paragraph (d)(6) within 30 days of notification that the Request has been accepted.
 - (C) The AQIP fees are not refundable once submitted to the Executive Officer.
- (d) GHG AQIP
 - (1) On and after (*date of adoption*), the Executive Officer may accept funding to generate certified greenhouse gas emission reductions.
 - (2) The Executive Officer may charge up to 5% of AQIP fees collected to cover its administrative costs for implementing the program.
 - (3) The Executive Officer, with Governing Board approval, shall purchase or fund GHG reduction projects pursuant to paragraph (e)(2) within two years of receiving AQIP funds. An extension of the two-year period shall be approved by the Governing Board at a public hearing.
 - (4) Any verified emission reductions by the Executive Officer in excess of the amount required to fulfill AQMD obligations may be deposited into the AQIP Reserve.
 - (5) The AQIP fees and the price of the Reserve for each metric ton of CO₂E will be set at \$___ per metric ton initially and will be adjusted annually at a public hearing.
 - (6) Available emission reductions in the Reserve may be sold based on availability, at a price specified pursuant to paragraph (e)(6), according to the following priority:
 - (A) Use of reductions to be located in the District;
 - (B) On a first-come, first-served basis;
 - (7) GHG reductions purchased from the GHG AQIP are not transferable unless the transfer is within common ownership, between the owner and its designee with proof of agreement prior to the purchase from the GHG AQIP, or is purchased back by the Executive Officer subject to the Governing Board approval.
- (d) Program Review

The Executive Officer will submit a report to the Governing Board no later than March 2009 and every 12 months thereafter. The report will include:

 - (1) The amount of emission reductions that have been generated over the past 12 months, that have been obtained, and that remain in the Reserve;
 - (2) The number and types of facilities and parties, including locations, that have participated in the AQIP;

PR 2702 (Cont.)

- (3) Description of the types of emission reduction control strategy projects that have been or are being implemented;
 - (4) The GHG criteria and toxic pollutants that have been reduced;
 - (5) Location of the emission reduction control strategy projects;
 - (6) Benefits of projects in Environmental Justice areas; and
 - (7) Evaluation of the participation fee.
- (e) Remedies
- (1) Failure of a project proponent to achieve stated emission reductions within the time period specified in the Control Strategy Proposal is not a violation of this rule, however, the project proponent shall, within 12 months or less, as specified by the Executive Officer submit Certified Emission Reductions equivalent to 110 percent of the shortfall to the Executive Officer.
 - (2) Failure of project proponent to comply with any other requirements of this rule shall constitute a violation of this rule.