

YOLO-SOLANO AIR QUALITY MANAGEMENT DISTRICT

RULE 3.5 - EMISSION REDUCTION CREDITS

(Adopted September 22, 1993; Revised February 23, 1994, October 12, 1994, and November 13, 1996)

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100 GENERAL

101 **PURPOSE:** To provide an administrative mechanism for quantifying, adjusting, and certifying surplus emission reductions for:

101.1 Later use as offsets pursuant to District, State or Federal Rules or Regulations;

101.2 Transfer to other sources as offsets pursuant to Rule 3.4, NEW SOURCE REVIEW;

101.3 Reductions in emissions from the required phasedown of rice straw burning that qualify as surplus pursuant to Section 41865 of the California Health and Safety Code; and

101.4 To ensure that open biomass burning is prohibited for a parcel for which an ERC exists.

102 APPLICABILITY: This Rule shall apply to all emissions reduction credits for use within a stationary source or for transfer to other sources. For the purpose of this Rule, open biomass burning is considered to be a source and such activity requires an annual burning permit. References in this Rule to non-permitted sources, shutdowns, curtailments, Authorities to Construct, and Permits to Operate do not apply to open biomass burning.

110 EXEMPTION - NOTIFICATION REQUIREMENTS: The requirements of Sections 403 and 404; relating to notification, publication, and public inspection of Preliminary Decisions; shall not apply if the application is for emission reduction credits of less than 9000 pounds per quarter of nitrogen oxides, reactive organic compounds, or sulfur oxides; 7200 pounds per quarter of PM10; 49,500 pounds per quarter of carbon monoxide; or open biomass burning ERCs for less than 500 acres per parcel.

111 EXEMPTION - SHUTDOWNS AND CURTAILMENTS: The provisions of Section 201.4.a and 304.3 shall not apply to emission reduction credits from shutdowns or curtailments provided:

111.1 The shutdowns or curtailment occur after December 31, 1987; or

111.2 The shutdowns or curtailments are documented in District permitting actions pursuant to Rule 3.4, NEW SOURCE REVIEW; and

111.3 The emissions from the emissions unit to be shutdown or curtailed are included in the District's 1987 emission inventory; and

111.4 The District is notified before November 21, 1993, of shutdowns and curtailments which occurred before September 22, 1993.

200 DEFINITIONS: Unless otherwise defined below, the terms used in this Rule are defined in Rule 3.4, NEW SOURCE REVIEW.

201 ACTUAL EMISSIONS REDUCTIONS: Reductions of emissions from an emissions unit. Actual emission reductions shall be calculated pursuant to Section 409, Calculation of Emissions and meet all of the following criteria:

201.1 The emissions reductions shall be real, enforceable, quantifiable, and permanent.

201.2 The emissions reductions shall be surplus emissions reductions in excess of any emissions reduction which is:

- a. Required or encumbered by any laws, rules, regulations, agreements, or orders, except the requirements of and unless such law by its terms states that the emission reduction shall be considered surplus; or
- b. Attributed to a control measure noticed for workshop in the District, or proposed or contained in a State Implementation Plan; or
- c. Proposed or contained as near-term measures in the District Air Quality Attainment Plan for attaining the annual reductions required by the California Clean Air Act.
- d. Reductions in emissions from the required phasedown of rice straw burning qualify as surplus pursuant to Section 41865 of the California Health and Safety Code.

201.3 Emissions reductions attributed to a proposed control measure may be re-eligible as surplus actual emissions reductions for:

- a. Control measures identified in the District Air Quality Attainment Plan or State Implementation Plan where no Rule has been adopted within two years from the scheduled adoption date, provided, however, the Air Pollution Control Officer has not extended the scheduled adoption date; or
- b. Control measures not identified in the District Air Quality Attainment Plan or State Implementation Plan where no Rule has been adopted and two years have elapsed beyond the date of the latest public workshop notice; or
- c. Control measures proposed in the District Air Quality Attainment Plan which are not included into the Plan adopted by the District Board shall become re-eligible upon adoption of the Plan.

201.4 Source shutdowns and curtailments may not be given emission reduction credit in the case of non-attainment pollutants if they occurred prior to the date of application unless:

- a. The shutdown or curtailment was claimed by the affected facility as a credit within 180 days. A letter of intent to apply may be provided by the affected facility. Shutdown or curtailment credits not claimed within 180 days shall pass to the Priority Reserve as provided in Rule 3.6, PRIORITY RESERVE; and
- b. The proposed new source or modification is a replacement, and the shutdown or curtailment occurred after August 7, 1977; or
- c. The proposed new source or modification does not meet the EPA definition of a major source or major modification, the shutdown or curtailment occurred after August 7, 1977, the emission reduction credit is used at the same stationary source.

202 **BANKING:** The system of quantifying, certifying, recording, and storing ERC's for future use and transfer. This system shall be called the Emission Reduction Credit Bank (ERC Bank).

203 **BEST AVAILABLE RETROFIT CONTROL TECHNOLOGY (BARCT):** An emission limitation that is based on the maximum degree of reduction achievable, taking into account environmental, energy, and economic impacts by each class or category of source. The criteria for BARCT are specified in "California Clean Air Act Guidance for the Determination of Reasonably Available Control Technology and Best Available Retrofit Control Technology", California Air Resources Board, April 1990.

204 **BIOMASS:** Material derived from the harvesting of crops or removal of vegetation, including timber, except for material from processed dimensional timber.

205 **CERTIFIED:** Emission reduction credits which have been evaluated under the requirements of this Rule and other applicable District, State and Federal Rules and Regulations and which have been granted by the Air Pollution Control Officer.

206 **ELECTRICAL POWER PLANTS:** An electrical generating facility that regularly generates electricity so the local electric utility can provide its daily energy requirements. Emergency electrical generating equipment are not considered electrical power plants.

207 **EMISSION REDUCTION CREDITS (ERC):** Reductions of actual emissions from an emission unit that are registered with the District in accordance with the requirements of this Rule.

208 **EMISSIONS UNIT:** An identifiable operation or piece of process equipment such as an article, machine, or other contrivance which controls, emits, may emit, or results in the emissions of any affected pollutant directly or as fugitive emissions. Emissions unit shall not include the open burning of biomass.

209 **ENFORCEABLE:** Verifiable and legally binding.

210 **ERC CERTIFICATE:** A document certifying title to a defined quantity and type of ERCs issued by the District to the owner(s) identified on the Certificate.

211 HISTORIC ACTUAL EMISSIONS:

211.1 Actual emission reductions for the existing emissions unit averaged over the two year period immediately preceding the date of application. If the last two years are unrepresentative of normal source operations as determined by the Air Pollution Control Officer, then any two consecutive years of the last five years may be used. If, at any time during the specified period, actual emissions exceeded allowed or permitted emission levels, then actual emissions shall be reduced to reflect emission levels that would have occurred if the unit were in compliance with all applicable limitations and Rules. If less than one year has passed since the date of issuance of the Permit to Operate then the historic actual emissions shall be zero. If less than two years have passed since the date of issuance of the Permit to Operate then the historic actual emissions shall be the actual emissions over the one year period immediately preceding the date of application.

211.2 For open biomass burning the emission baseline years shall be a five year period (1988 through 1992) and emissions shall be calculated pursuant to Section 410 of this Rule.

212 **NO-BURN LIST:** A list of parcels for which ERCs exist and which will not receive burn permits.

213 **NON-PERMITTED EMISSIONS:** Those emissions of an affected pollutant which are not required to obtain a permit pursuant to Rule 3.1, GENERAL PERMIT REQUIREMENTS. Non-permitted emissions may include emissions from mobile sources, indirect sources, and exempt equipment.

214 **OFFSET:** The use of an emission reduction credit to compensate for an emission increase of an affected pollutant from a new or modified source subject to the requirements of Rule 3.4, NEW SOURCE REVIEW.

215 **PARCEL(S):** A legally identifiable piece of land, or a portion of that land, or combined lands under common ownership, as registered with a County Assessor's office for property tax purposes.

216 **PERMANENT:** The sum of all ERC's endures for the life of the project utilizing that sum of ERC's.

217 **PORTABLE EQUIPMENT:** Equipment which is periodically relocated and is not operated more than 180 days at any location in the District within a 12 month period.

218 **POTENTIAL TO EMIT:** The maximum physical and operational design capacity to emit a pollutant during each calendar quarter. Limitations on the physical or operational design capacity, including emissions control devices and limitations on hours of operation, may be considered only if such limitations are incorporated into the applicable authority to construct and permit to operate.

219 **REGISTERED OWNER:** That person, entity, landowner, or their designee in whose name the ERC certificate is issued and listed in the register.

220 **QUANTIFIABLE:** Ability to estimate emission reductions in terms of their amount and characteristics. The same method of estimating emissions should generally be used to quantify the emission levels before and after the reduction.

221 **QUARTERLY:** Calendar quarter beginning in January, April, July, and October.

222 **REAL:** Actually occurring, implemented, and not artificially devised.

223 **REASONABLY AVAILABLE CONTROL TECHNOLOGY (RACT):** The lowest emission limitation that a particular source is capable of meeting by the application of emission control technology that is reasonably available considering technical and economic feasibility. The criteria for RACT are specified in "California Clean Air Act Guidance for the Determination of Reasonably Available Control Technology and Best Available Retrofit Control Technology", California Air Resources Board, April 1990.

224 **REGISTER:** The document that records all ERC deposits, withdrawals, transfers, and transactions, including the claiming of open biomass burning offset credits by stationary sources existing prior to October 12, 1994.

225 **REPLACEMENT EQUIPMENT:** A replacement of a piece of equipment with an structurally identical piece of equipment with emissions less than or equal to those from the original piece of equipment.

226 **SHUTDOWN:** Either the earlier of the permanent cessation of emissions from an emissions unit or the surrender of that unit's Permit to Operate. If the Air Pollution Control Officer determines that the unit has been removed or fallen into an inoperable and unmaintained condition, the Air Pollution Control Officer may notify the owner of intent to cancel the Permit. If the owner does not respond

within 60 days, the Air pollution Control officer may cancel the Permit and deem the source shutdown as of the date of the last emissions.

227 **TEMPORARY:** A stationary source or emissions unit which operates no longer than one consecutive twelve month period.

228 **TRANSFER:** The change in ownership of an ERC from one person to another.

229 **TEMPORARY ACTUAL EMISSION REDUCTION:** Actual emission reductions registered with the District in accordance with the requirements of this Rule which is included in a control measure or contained as a near-term measure contained in the District Air Quality Attainment Plan. The life of the emission reduction credit shall end upon the implementation of the near-term measure.

300 STANDARDS

301 **CERTIFICATION:** Only actual emission reduction credits shall be certified as ERC's. Such actual emission reductions shall meet the following requirements to be certified as ERC's:

301.1 Apply for emission reduction credits pursuant to Section 401; and

301.2 Receive written approval of the Air Pollution Control Officer; and

301.3 If the emission reduction is created from an emission unit where the demand for the services or product could shift to other similar sources in the District, submittal of data to document that such reductions will result in District-wide emission reductions may be required by the Air Pollution Control Officer. Such documentation must be approved by the Air Pollution Control Officer.

301.4 For open biomass burning, the emission reductions shall be deemed to have occurred when the parcel(s) have been placed on the no-burn list.

302 **REEVALUATION:** Actual emission reductions granted prior to September 22, 1993 shall be reevaluated under the requirements and procedures specified in this Rule.

303 NON-PERMITTED SOURCES:

303.1 Except as provided in Section 303.2, non-permitted emissions units or stationary sources requesting emission reduction credits specified in such emissions units shall void the exemption specified in Rule 3.2, EXEMPTIONS. Such sources shall not operate such emissions unit or stationary source without first obtaining a permit pursuant to Rule 3.1, GENERAL PERMIT REQUIREMENTS.

303.2 If state or federal law prohibits the District from requiring an Authority to Construct or a Permit to Operate, the applicant for emission reduction credits shall execute a legally binding contract with one or more owner(s) or operator(s) of the non-permittable emissions unit that ensures the sum of all emission reductions emission reductions will be provided in accordance with the requirements of this Rule, and will continue for the life of the stationary source using the credits or life of the credits as

provided in the application. Such contract shall be filed with the District and, by its terms, be enforceable by the Air Pollution Control Officer.

304 SHUTDOWNS:

304.1 Applicants for emission reductions due to the shutdown of permitted or non-permitted emissions units shall demonstrate to the satisfaction of the Air Pollution Control Officer that such equipment will no longer be operated within the District. For open biomass burning, verification of emission reductions shall be in accordance with Section 410 of this Rule.

304.2 Emission reductions from the shutdown of retail dry cleaners and retail gasoline stations shall be prohibited.

304.3 Emission reductions from the shutdown of emissions units or stationary sources shall be submitted within 180 days, unless the applicant has requested an extension of time, in writing prior to the end of the 180 day period, from the Air Pollution Control Officer. The Air Pollution Control Officer may grant an extension of time not to exceed 90 days.

305 USE OF ERC'S - BANKING: ERC's may be banked for later use as offsets. The name of the user shall be entered into the Register for the applicable ERC's. Except as provided in Sections 307, 308, and 309, such ERC's may not be returned to the bank following the start of operation of the stationary source or emissions unit using the ERC as offsets.

306 USE OF ERC'S - OFFSETS: ERC's may be used immediately as offsets. The ERC shall be entered into the Register along with the name of the user. Except as provided in Sections 307, 308, and 309, such ERC's may not be returned to the bank following the start of operation of the stationary source or emissions unit using the ERC as offsets. In the event that open biomass burning offset credits are claimed by a pre-existing stationary source and obtained from outside the District, the District shall report the claiming of such credits to the district of origin of the biomass material. When open burning biomass offset credits are claimed by a new or modified stationary source, the District shall report the claiming of such offset credits to the District of origin of the biomass material.

307 RETURNS - USE OF ERC'S FOR TEMPORARY STATIONARY SOURCES AND PORTABLE EQUIPMENT: ERC's used as offsets for temporary stationary sources or emissions units or used as offsets for portable equipment shall be returned in full to the owner upon verification of shutdown of the stationary source, emissions unit, or portable equipment by the Air Pollution Control Officer. ERC's must then be re-deposited in the Bank and re-entered into the Register by the owner, within 60 days.

308 RETURNS - ISSUANCE OF PERMIT TO OPERATE: If the applicant for a Permit to Operate requests a lowering of the quarterly emission limitation as a result of emissions testing conducted pursuant to an Authority to Construct demonstrated achievable by such emissions testing, the difference emission reductions credits necessary to offset the emissions unit pursuant to Rule 3.4, NEW SOURCE REVIEW, shall be re-deposited in the Bank and re-entered into the Register.

309 RETURNS - USE OF ERC'S FOR ELECTRICAL POWER PLANTS: ERC's may be used at electrical power plants to offset emission increases resulting from increased power plant operation needed to compensate for reduced operation at other electrical power plant(s) within the District, due to emergency breakdown, or regularly scheduled maintenance. ERC's shall be returned in full to the owner upon verification of return to normal operation of the using electrical power plant. ERC's shall be re-deposited in the Bank and re-entered into the Register. This Section shall apply only during the period from November 1 through February 28 or 29, and shall be approved in writing by the Air Pollution Control Officer prior to use.

310 REVISIONS AND CANCELLATIONS - OPEN BIOMASS BURNING ERCs: Revision or cancellation of ERC certificates at the request of the registered owner to allow open burning of a parcel(s) for which ERCs have been granted shall be handled as follows, with written prior approval from the Air Pollution Control Officer:

310.1 The registered owner may request that the District reduce the quantities of the emissions covered by the ERC certificate by the amount of emissions associated with the reduced acreage requested. After the District has revised the ERC certificate that portion of the parcel may be burned in accordance with Rule 6.1, AGRICULTURAL BURNING. That portion of the parcel that is covered by the discount acreage (i.e. The acreage eligible for a burn permit) shall be clearly identified. That portion of the parcel shall not be allowed to change without prior notification and approval by the Air Pollution Control Officer.

310.2 The registered owner may surrender the ERC certificate to the District for cancellation and burn the parcel(s) pursuant to Rule 6.1, AGRICULTURAL BURNING.

311 OPEN BIOMASS BURNING ENFORCEABILITY: To meet the enforceability requirements for ERCs for open biomass burning emission reductions a contract, no-burn list, and/or other District approved means shall be utilized.

311.1 The primary method of enforcing open biomass burning ERCs shall be by placing the parcel(s) on a no-burn list. No burn permit shall be issued for a parcel(s) if an ERC is currently in effect for the parcel(s) unless the registered owner applies for a cancellation or revision of the ERC pursuant to Section 310 of this Rule.

311.2 To ensure the enforceability of open biomass burning ERCs and offsets, the owner of a parcel(s) with such ERCs who is preparing to sell that property shall either:

- a. Place a binding restriction on the parcel title, prior to sale, foregoing all open biomass burning on that parcel; or
- b. Submit an application for transfer of ownership of the ERCs to the new landowner, within 14 calendar days of the transfer of title, consistent with the transfer procedures set forth in Section 407.5 of this Rule.

The ERCs shall automatically terminate 15 days after the transfer of the parcel(s) to the new owner unless the registered owner has complied with either of the two options in this Section.

400 ADMINISTRATIVE REQUIREMENTS

401 COMPLETE APPLICATION:

401.1 The Air Pollution Control Officer shall determine whether the application is complete not later than 30 days after receipt of the application for ERC, or after such longer time as both the applicant and the Air Pollution Control Officer may have agreed in writing. If the Air Pollution Control Officer determines that the application is not complete, the applicant shall be notified in writing of the decision specifying the information required. If specified information is not submitted by the applicant within 60 days, the application shall be canceled by the Air Pollution Control Officer unless the applicant has requested an extension of time, in writing and prior to the end of the 60 day period, from the Air Pollution Control Officer. The Air Pollution Control Officer may grant an extension of time not to exceed 90 days. If the application is for a shutdown or curtailment emission reduction credit, failure to provide the additional information or failure to request an extension of time shall result in those credits passing to the Priority Reserve pursuant to Rule 3.4, NEW SOURCE REVIEW.

401.2 Upon receipt of any re-submittal of the application, a new 30-day period to determine completeness shall begin.

401.3 Completeness of an application or re-submitted application shall be evaluated on the basis of the information requirements set forth in District regulations (adopted pursuant to Article 3, 65940 through 65944 of Chapter 4.5 of Division 1 of Title 7 of the California Government Code) as they exist on the date on which the application or re-submitted application was received. The Air Pollution Control Officer may, during the processing of the application, request an applicant to clarify, amplify, correct, or otherwise supplement the information submitted in the application.

401.4 Fees for the evaluation and issuance of ERCs shall be determined according to Section 308.10 (Time and Material Labor Rate) of Rule 4.1, PERMIT FEES - STATIONARY SOURCE.

401.5 For offsets provided in accordance with Health and Safety Code Sections 41605.5, 42314.5, and 41865 concerning emission reductions from open field burning, an ERC application covering the total emission reductions necessary to offset stationary source emissions may be submitted at the time of application for an Authority to Construct.

401.6 For reductions in open biomass burning, initial applications to establish eligibility for ERCs shall be submitted within no later than December 1, 1996. Additional applications for reductions in open biomass burning shall be submitted no later than May 1 of each year. The application(s) may be submitted for any open biomass burning reductions in the previous calendar year or the current calendar year ending December 31. The application may include more than one parcel, but it shall have separate emission calculations for each parcel or portion of a parcel covered in the application. At the time of application, the applicant shall provide information to the District on the disposition of the biomass materials. If the applicant is not the landowner, written notarized authorization from the landowner shall be included with the application.

402 PRELIMINARY DECISION: Except as provided in Section 110, following acceptance of an application as complete, the Air Pollution Control Officer shall perform the evaluations required to determine compliance with all applicable District Rules and Regulations and make a preliminary written decision as to whether the emission reduction credit should be certified as an ERC. The decision shall be supported by a succinct written analysis.

403 PUBLICATION AND PUBLIC COMMENT: Except as provided in Section 110, within ten calendar days following a preliminary decision, the Air Pollution Control Officer shall publish, in at least one newspaper of general circulation in the District, a notice stating the preliminary decision of the Air Pollution Control Officer, noting how the pertinent information can be obtained, and inviting written public comment for a 30-day period following the date of publication.

404 PUBLIC INSPECTION: Except as provided in Section 110, the Air Pollution Control Officer shall make available for public inspection at the District's office the information submitted by the applicant and the Air Pollution Control Officer's analysis no later than the date the notice of the preliminary decision is published, pursuant to Section 403. Information submitted which contains trade secrets shall be handled in accordance with Section 6254.7 of the California Government Code and relevant sections of the California Administrative Code. Further, all such information shall be transmitted no later than the date of publication to the California Air Resources Board and the US Environmental Protection Agency regional office, and to any party which requests such information.

405 CERTIFICATION, FINAL ACTION:

405.1 Within 180 days after acceptance of an application as complete, the Air Pollution Control Officer shall take final action on the application after considering all written comments.

405.2 Except as provided in Section 110, the Air Pollution Control Officer shall provide written notice of the final action to the applicant, the US Environmental Protection Agency, and the California Air Resources Board, and shall publish such notice in a newspaper of general circulation and shall make the notice and all supporting documents available for public inspection at the District's office.

406 WITHDRAWAL OF APPLICATION: Withdrawal of an application for certification of an ERC by the applicant shall result in cancellation.

407 REGISTRATION:

407.1 Following certification of emission reduction credits and verification that the proposed emission reduction have been implemented, the Air Pollution Control Officer shall issue an original ERC Certificate to the owner(s) by certified mail or in person. In the case of ERCs granted for open burning of biomass, title to the certificates shall be vested with the registered owner.

The issuance of an ERC certificate shall not constitute evidence of compliance with the Rules and Regulations of the District, or a representation or assurance to the recipient upon which reliance is authorized or intended that the ERC represented by the ERC

certificate are available from the District ERC bank.

407.2 The ERC Certificate shall contain:

- a. Certificate number; and
- b. Date of issuance; and
- c. Street address and APN (Assessors Parcel Number) of site creating the surplus emissions reductions for which the ERC Certificate is issued; and
- d. Signature of the responsible District official; and
- e. The name of the owner shall be typed on the certificate and the owner shall sign the certificate. If the owner is a public or private business entity, a person authorized to sign on behalf of the owner shall sign the certificate.
- f. Conditions of operation or use.

407.3 A copy of each ERC Certificate issued shall be maintained in the Bank Register.

407.4 Multiple owners of emission reduction credits shall be separated according to agreements, filed with the District, between the owners with one ERC Certificate issued to each owner for their respective portion.

407.5 Upon transfer of ERC's between parties, the transferor's ERC certificate, and a copy of a writing, signed by the transferor, authorizing and memorializing the transfer of the ERC to the transferee must be surrendered to the Air Pollution Control Officer by the transferee within 30 days of the date of the writing authorizing the transfer of the ERCs.

Upon receipt and review of said documents the Air Pollution Control Officer shall issue a new ERC certificate in the name of the transferee. If fewer than all the transferor's ERCs are transferred, a new certificate shall be issued to the transferor showing the remaining ERC's. The District may refuse to recognize any transfer of ERC's that does not comply with the requirements of this Section.

407.6 The original ERC Certificate surrendered by the registered owner shall be filed in the register and marked with the date of issuance of the new ERC Certificate(s), the number of credits transferred, and the new ERC Certificate number(s). If fewer than all ERC's are transferred, the new balance in the name of the original owner shall be entered in the register.

407.7 Prior to the issuance of a permit allowing the use of ERC's, the registered owner shall surrender the ERC Certificate to the Air Pollution Control Officer. The certificate surrendered by the owner shall be filed in the register and marked with the permit number, street address, and APN of site of use, and the name of the owner using the ERC's. If a balance of ERC's remain, a new ERC Certificate shall be issued to the original owner and the original ERC Certificate shall be filed in accordance with the provisions of this Rule.

407.8 In the case of loss or destruction of the original ERC Certificate, the registered owner shall request in writing that a replacement ERC Certificate be issued by the Air Pollution Control Officer. Such a request shall include an affidavit by the owner

describing all circumstances of loss of the Certificate and stating that the original certificate is permanently lost or destroyed. This replacement Certificate shall be clearly identified as a replacement for the original Certificate. Where the surrender of an ERC Certificate to the Air Pollution Control Officer is required, only the replacement Certificate issued pursuant to this Section will be recognized as complying with the requirements of Sections 407.5, 407.6, or 407.7. A fee for the issuance of the replacement Certificate shall be required pursuant to Rule 4.1, PERMIT FEES - STATIONARY SOURCE.

407.9 Nothing in this Rule prevents the lease or temporary transfer, in whole or part of ERCs represented by ERC Certificates. However, all transfers shall be considered permanent until modified by application which demonstrates to the satisfaction of the Air Pollution Control Officer that the emissions for which the ERCs were required have either ceased or other emission reductions have been secured.

408 CONVERSION OF AIR EMISSION REDUCTIONS TO ERC's: Before the Air Pollution Control Officer may issue a certificate of ownership for any ERC's, the emission reductions calculated in Section 409 shall be adjusted 1.05 emission reductions to 1.0 ERC. Emission reductions captured by the ERC adjustment shall pass to the Priority Reserve pursuant to Rule 3.4, NEW SOURCE REVIEW.

409 CALCULATION OF EMISSIONS, STATIONARY SOURCE: Calculations performed pursuant to procedures specified in this Section shall not conflict with the requirements of state law.

409.1 Actual emission reductions from modifications to, or shutdowns of, existing emissions units shall be calculated for each calendar quarter by subtracting the proposed emissions from historical actual emissions. Any positive value shall qualify as an emission reduction credit.

409.2 Credits for particulate matter emission reduction credits shall be expressed in terms of PM10.

409.3 Credits for nitrogen oxides, reactive organic compounds, carbon monoxide, sulfur oxides and PM10 shall be quantified in terms of pounds of pollutants per quarter for each calendar quarter.

409.4 Actual emission reductions shall be adjusted to at least reflect emission rates achievable with best available retrofit control technology. In some instances reasonably available control technology and BARCT will be the same for specific emission source categories. Emission reductions resulting from early compliance with BARCT may qualify as an emission reduction credit until such time as the BARCT date of implementation.

409.5 Owners of ERC certificates may donate their ERCs to the District for the purpose of assisting the District toward attainment of air quality standards.

410 CALCULATION OF EMISSIONS, OPEN BIOMASS BURNING: Exhibit C contains

emission factors (EF), fuel loading factors (FL), default historical burn fractions (HBF), and default quarterly burn fractions (QBF). Default HBFs and QBFs shall be used to calculate emission reductions. An alternative use of parcel specific HBFs and QBFs may be used after a methodology is developed and receives Air Resources Board concurrence. The following information shall be used to calculate emission reductions resulting from reduced open biomass burning, however, when using the default factors set forth in Exhibit C not all of the following provisions apply:

410.1 Basic Information: The applicant shall provide data on the crop type; exact location of the parcel, including the assessor's parcel number and other information regarding parcel location; acreage burned (AB); and date(s) of open biomass burning within the baseline period. The applicant shall use District burn permit/authorization records or other District approved verifiable records to validate the information specified in this Section. The type of biomass materials and the acreage burned shall be used in the emissions calculations.

410.2 Acreage Burned (AB): The applicant for emission reductions from open biomass burning shall provide the acreage burned for each parcel(s) of land for which the ERCs are applied. Acreage must have been burned for at least one of the five (5) baseline years of 1988 through 1992. The applicant shall use District burn permit authorization records or other District approved verifiable records to determine the acreage burned.

410.3 Historical Burn Fraction (HBF): The applicant shall provide available data on historical biomass burn percentage for the parcel(s) during the five (5) baseline years of 1988 through 1992. The historical burn fraction (0-1) is an adjustment to the amount of the ERC available. The applicant may use District burn permit authorization records or other District approved verifiable records to determine the amounts of prior burning. For rice straw burning an historical burn fraction of one (1) shall be used for the parcel(s).

410.4 Quarterly Burn Fraction (QBF): The applicant shall provide available data on quarterly open biomass burning for the parcel(s) during the five (5) baseline years of 1988 through 1992. The applicant may use District burn permit authorization records or other District approved verifiable records to determine the amounts of prior burning.

410.5 Discount Acreage (DA): The applicant may reduce the total acreage covered by the ERC certificate to allow for continued burning of the total acreage of the parcel. This reduction in the total acreage covered shall be reflected in the emission reduction credits applicable to the parcel(s). The portion of the parcel(s) that is covered by the discount acreage (i.e. the acreage eligible for a burn permit) shall be clearly identified. This portion shall not be allowed to change without prior District notification and approval.

410.6 Fuel Loading (FL) and Emission Factors (EF): The biomass fuel loading (FL) and emission factors (EF) set forth in Exhibit C shall be used for the crops indicted. Alternatively, the applicant may propose and the District shall select the appropriate biomass fuel loading and emission factors to be used in the calculations from the Annual Agricultural Burning Plan for the Sacramento Valley Air Basin or other best available data.

410.7 Emission Reductions (ER): Emission reductions (ER) from open biomass burning for each pollutant shall be calculated using the following formula:

$$\text{ER} = (\text{AB} - \text{DA}) * \text{HBF} * \text{FL} * \text{EF} * \text{QBF}$$

411 ERC REGISTER:

411.1 The register shall contain the following information for each ERC Certificate issued by the Air Pollution Control Officer:

- a. Certificate number; and
- b. Date of issuance; and
- c. Name and address of the registered owner, and
- d. Street address and APN of site creating the surplus emissions reductions for which the ERC Certificate is issued; and
- e. Number of ERC's registered.
- f. A record of all open biomass burning offset credits derived from reduced burning within the District in which credits are claimed by stationary sources existing prior to October 12, 1994 (pre-existing source).

411.2 Upon notice of a transfer of an ERC Certificate the Air Pollution Control Officer shall enter the following information in the register:

- a. Original ERC Certificate number; and
- b. New ERC Certificate number, or street address, APN, and permit numbers at which ERC's are being used; and
- c. Name and address of new owner(s), if any; and
- d. Number of ERC's being transferred.

411.3 Upon the use of ERC's for offsets, the following information shall be entered in the register:

- a. All information required in Section 411.2; and
- b. Date ERC Certificate was surrendered to the Air Pollution Control Officer; and
- c. Permit numbers to which ERC's are being applied; and
- d. Name and address of ERC user; and
- e. Name, if any, address, and APN of site where ERC's are being used as offsets; and
- f. Number of ERC's being used for offsets.

411.4 Offset credits claimed from reduced open biomass burning by a pre-existing stationary source within the District shall be reported to the District for incorporation into the register. These offset credits shall be incorporated into the register no later than October 12, 1996.

412 **MORATORIUM:** Except as provided in Section 201.2, after the issuance of an ERC Certificate, subsequent changes in regulations, except Regulation III, shall not reduce or eliminate the deposit. If the District Board of Directors determines that additional emission reductions are necessary, a moratorium on withdrawals may be imposed. Prior to imposing a moratorium, the Air Pollution Control Officer shall provide a notice of the date of the meeting of the District Board of Directors to consider issuance of a moratorium to owners of ERC's and other interested parties. The moratorium

shall be lifted upon determination that additional emission reductions are not necessary by the District Board of Directors.

500 MONITORING AND RECORDS

501 RECORDS: Stationary sources that claim open biomass burning emission reduction credits pursuant to Health and Safety Code Sections 41605.5 and 42314.5 shall keep a daily log of biomass received by type, origin, quantity, and date. Such sources shall also be required to prepare and submit to the District a biweekly report on their emissions and corresponding biomass offsets. An annual status report on contracts for the procurement of such offsets shall be submitted to the District no later than one month prior to the anniversary date of the applicable Permit(s) to Operate.