

SANTA BARBARA COUNTY AIR POLLUTION CONTROL DISTRICT

RULE 804 - EMISSION OFFSETS

(Adopted 4/17/1997)

A. Applicability

This rule shall apply to any applicant for a new or modified source or owner or operator of an existing source which is required by these Rules and Regulations to obtain offsets.

B. Exemptions

None.

C. Definitions

See Rules 102 and 801 for definitions.

D. Requirements

1. The maximum quarterly (January through March, April through June, July through September, October through December) emissions of a new or modified source shall be offset at a ratio, specified in these Rules and Regulations by the average quarterly emissions from an existing source, as determined in Rule 802.G (Calculations) for nonattainment pollutants and Rule 803.J (Calculations) for attainment pollutants.
2. No emission reduction shall be eligible as an emission offset unless the Control Officer finds that the emission reduction is surplus, enforceable, quantifiable, and permanent and has complied with Rule 806. Emission reductions resulting from any permits, agreements or orders, or from requirements of federal, State, or District laws, rules and regulations or required by the District approved federal or State attainment or maintenance plan shall not be available for offsets.
3. Emission reductions from sources located outside of the District shall not be allowed as offsets unless:
 - a. allowed pursuant to Rule 802.E Table 4, and
 - b. the emission reductions are contemporaneous.
4. In no case shall halogenated hydrocarbons be used as offsets for reactive organic compounds.
5. In no case shall the following be allowed as offsets:
 - a. emission reductions achieved through a shift-in-load;
 - b. emission reductions from gas stations, dry cleaners, body shops, and other

businesses characterized by inelastic demand.

6. Interpollutant offsets will be allowed between precursor contaminants. Precursors of secondarily-formed PM₁₀ may include reactive organic compounds which forms secondary organic compounds, sulfur dioxide which forms sulfate compounds, and oxides of nitrogen which forms nitrate compounds. Precursors of ozone are oxides of nitrogen and reactive organic compounds. Such offsets may be approved by the Environmental Protection Agency on a case-by-case basis, provided that the applicant demonstrates, on the basis of the Environmental Protection Agency-approved methods where possible, that the emission increases from the new or modified source will not cause or contribute to a violation of an ambient air quality standard. In such cases, the Control Officer shall, based on air quality analysis, impose offset ratios equal to or greater than those specified by this regulation. Interpollutant offsets between PM₁₀ and PM₁₀ precursors may only be allowed if PM₁₀ precursors contribute significantly to PM₁₀ levels that exceed the PM₁₀ ambient standards. In no case shall exempt compounds or the other compounds excluded from the definition of reactive organic compounds be used as offsets for reactive organic compounds.

7. In order to verify that emission sources used as emission offsets will be maintained throughout the operation of the new or modified source:

a. Permitted sources which provide emission reductions as offsets will have their Authority to Construct and Permit to Operate revised or canceled.

b. Statutorily exempt sources used as emissions offsets will require a written contract between the applicant and the non-permitted source which shall be agreeable to and enforceable by the Control Officer and names the District as third party beneficiary. Notwithstanding any exemption from permit authorized by these Rules and Regulations any source exempt from permit that provides emission reductions as Emission Reduction Credits shall, as a condition of being allowed to obtain an Emission Reduction Credit, obtain an Authority to Construct and Permit to Operate as required by this Rule. The permit and contract shall be submitted to the Air Resources Board to be forwarded to the Environmental Protection as part of the State Implementation Plan. A violation of the emission limitation provisions of any such contract shall be chargeable to the applicant.

c. The operation of any source which provides offsets shall be subject to enforceable permit conditions, containing specific emission limitations, to ensure that the emission reductions will be provided in accordance with the provisions of this Rule and shall continue for the reasonably expected life of the proposed source.

8. Offsets shall not be required for any emission increase at a source where prohibited by Health and Safety Code sections 42301.2 and 42301.13. If such emission increases are later reduced or eliminated, the emission reduction shall not be considered surplus for the purpose of emission reduction credits.