

MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT

RULE 215 -- BANKING OF EMISSIONS REDUCTIONS

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PART 1 GENERAL

1.1 Purpose

The purpose of this Rule is to establish procedures for the creation, banking (storage), and use of emission reduction credits.

1.2 Applicability

This Rule shall apply to all applicants desiring to establish, deposit, withdraw, transfer or use emission reduction credits in the District ERC Registry.

1.3 Exemptions

1.3.1 Exemption: Rule Compliance. The requirements of Sections 3.1.3, 3.2.1.2, and 3.3.3.4 do not apply to any source that is exempt from District Rules and Regulations.

1.4 Effective Date

This Rule as most recently revised is effective on July 1, 2002.

1.5 References

1.5.1 The requirements of this Rule arise from the provisions of the California Clean Air Act and amendments (Health and Safety Code Sections 40910 *et seq.*) and Health and Safety Code Sections 40709 *et seq.*

1.5.2 Other related rules include: Rule 101 (Definitions), Rule 207 (Review of New or Modified Sources) and Rule 218 (Title V: Federal Operating Permits).

1.6 General Banking Provisions

The District may allow the banking of eligible criteria pollutant emission reduction credits for offset transactions or for use in the future in accordance with those limitations set forth in this Rule. The criteria pollutants are: volatile organic compounds (as defined in District Rule 101, Definitions), nitrogen oxides, sulfur oxides, carbon monoxide, total suspended particulates, and PM₁₀. Emission reduction credits shall not be granted for carcinogenic or toxic air contaminants, as defined in District Rule 1000, or ozone-depleting compounds, as defined in Part 2 of this Rule, except as volatile organic compounds. Only emission reduction credits which are surplus, enforceable, real, permanent, and quantifiable as defined in Part 2 herein, are eligible for banking, trading, or use pursuant to this Rule. The District may terminate, diminish or eliminate banked emission reduction credits if necessary to attain or preserve ambient air quality standards.

PART 2 DEFINITIONS

Related definitions may be found in Part 2 of Rule 207. For the purposes of this Rule, the following definitions shall apply.

2.1 Banking

The system of quantifying, certifying, recording, and storing ERCs for future use or transfer. Consists of procedures which allow sources to store emission reduction credits for future use or sale subject to conditions set out in this District Rule.

2.2 Baseline

The actual emissions of a source prior to modification as determined by Rule 207.

2.3 Best Available Control Technology (BACT)

As defined in Part 2 of Rule 207, an emission limitation based on the maximum degree of reduction for each pollutant which would be emitted from any new or modified stationary source, which on a case-by-case basis, taking into account energy, environmental, and economic impacts and other costs, is achievable for such class or category of source, or modification through application of production processes or available methods, systems, and techniques.

2.3.1 BACT shall not be less stringent than the emission control required by any applicable provision of District, ARB, State, or federal laws or regulations, unless the applicant demonstrates to the satisfaction of the District that such limitations are not achievable.

2.3.2 In no event shall the application of BACT result in the emission of any pollutant which exceeds the limitations of any applicable standard in 40 CFR part 60 (New Source Performance Standards), or in 40 CFR part 61 (National Emission Standards for Hazardous Air Pollutants), or 40 CFR part 63 (National Emission Standards for Hazardous Air Pollutants for Source Categories).

2.4 Chlorofluorocarbon (CFC)

As defined in Part 2 of Rule 207, the family of chemical compounds containing carbon, fluorine and chlorine; containing at least one carbon atom and having no hydrogen atoms and no double bonds; and which includes, without limitation, trichlorofluoromethane (CFC-11), dichlorodifluoromethane (CFC-12), 1,1,2-trichloro-1,2,2-trifluoroethane (CFC-113), 1,2-dichloro-1,1,2,2-tetrafluoroethane (CFC-114), and chloropentafluoroethane (CFC-115).

2.5 Community ERC Account

A special account administered by the District within the ERC Registry for those ERCs set aside for essential public services projects.

2.6 District

Refers to the Monterey Bay Unified Air Pollution Control District (MBUAPCD) and its

authorized representatives.

2.7 Emission Reduction Credit (ERC)

An actual emission reduction which has been confirmed by the District in accordance with this Rule, and which represents a permanent, quantifiable, real, surplus and enforceable decrease in emissions below the applicable baseline, which has been registered with the District in the ERC Registry in accordance with the requirements of this Rule.

2.8 Enforceable Emission Reduction

An emission reduction which can be verified for accuracy by the District. In general, specified by restrictions imposed by permit conditions.

2.9 ERC Registry

The public record of the creation, deposit, use and transfer of ERCs.

2.10 Essential Public Services

2.10.1 a sewage treatment plant, which is publicly owned and operated, and is consistent with the locally approved Air Quality Management Plan; or

2.10.2 a prison, jail or correctional facility; or

2.10.3 a police or fire fighting facility; or

2.10.4 a school operated by a local school district; or

2.10.5 a hospital which is publicly owned, or operated or which receives public funds; or

2.10.6 construction and operation of a publicly owned and operated landfill gas control or processing facility; or

2.10.7 a publicly owned or nonprofit water delivery operation.

2.11 Federal Clean Air Act and Amendments (the Act)

Federal Clean Air Act and amendments (42 U.S.C. Section 7401 *et seq.*)

2.12 Gasoline

As defined in District Rule 1002, any organic liquid (including petroleum distillate and methanol) having a Reid vapor pressure of four pounds per square inch (4 psi) or greater and used as a motor vehicle fuel; or any fuel which is commonly or commercially known or sold as gasoline.

2.13 Halon

Any fully halogenated carbon compound containing bromine and chlorine and/or fluorine, and includes, without limitation, halon-1211, halon-1301, and halon-2402.

2.14 Hydrochlorofluorocarbon (HCFC)

As defined in Part 2 of Rule 207, any member of the family of chemical compounds containing hydrogen, carbon, fluorine and chlorine, and which includes, without limitation, chlorodifluoromethane (HCFC-22).

2.15 Hydrofluorocarbon (HFC)

As defined in Part 2 of Rule 207, any member of the family of chemical compounds containing hydrogen, carbon, and fluorine, and which includes, without limitation, trifluoromethane (HFC-23).

2.16 Major Stationary Source

The definition of "Major Stationary Source" in Part 2 of Rule 207.

2.17 Offset

As defined in Part 2 of Rule 207, where used as a noun, an emission reduction from an existing source, whether or not under the same ownership as a proposed project, that is necessary to mitigate an emission increase of an affected pollutant from the proposed project that would otherwise prevent the lawful issuance by the District of an Authority to Construct or a Permit to Operate. When used as a verb, the process of providing such an emission reduction.

2.18 Ozone-depleting Compound (ODC)

Any CFC, halon, HCFC, HFC or the chemical compound of 1,1,1-trichloroethane (methyl chloroform), or carbon tetrachloride.

2.19 Permanent Emission Reduction

An emission reduction which is assured for the life of the corresponding increase, whether limited or unlimited in duration, and the benefits of which do not diminish or disappear over time.

2.20 Quantifiable Emission Reduction

An emission reduction, the rate and characteristics of which can be determined by the District based on emission factors, stack tests, monitored values, operating rates and averaging times, process or production inputs, modeling, or other reasonable measurement practices.

2.21 Real Emission Reduction

Those emission reductions that have actually occurred, have been implemented and are not artificially devised.

2.22 Reasonably Available Control Technology (RACT)

"Reasonably available" means an emission limitation that has been currently achieved and demonstrated, i.e., the particular limit has been achieved and been proven feasible for a reasonable amount of time. RACT must be the most stringent of the following control options:

- 2.22.1 the most effective emission limits in existing regulations that are currently in effect in any district whose federal nonattainment status is designated as moderate;
- 2.22.2 emission limits identified in existing Suggested Control Measures (SCMs), model rules, or EPA's Control Techniques Guidelines (CTGs) or other such documents;
- 2.22.3 emission limits in post-1988 suggested control measures which are not identified as best available retrofit control technology (BARCT);
- 2.22.4 the lowest emission limit that can be achieved by the specific source by the application of control technology taking into account technological feasibility and cost-effectiveness, and the specific design features or extent of necessary

modifications to the source;

2.22.5 the lowest emission limit achieved for the source category that is technically feasible, economically reasonable or achieved in practice anywhere (including outside of the U.S.);

2.22.6 any combination of control technologies that will achieve emission reductions equivalent to those resulting from the most effective option listed above.

2.23 Surplus Emission Reduction

Emission reductions not already required by any federal, State, Air Resources Board, District, or local agreement, law, order, plan, regulation, requirement, or rule.

2.24 Temporary Source

A stationary source with a maximum operational lifetime of no more than 90 continuous days.

2.25 Transfer of Ownership

A change in ownership of a stationary source from one person to another.

PART 3 REQUIREMENTS: CREATING ERCs

3.1 Eligible Emission Reduction Credits (ERCs)

3.1.1 Emission reductions eligible for ERC banking may include only those emissions reductions provided for in Part 3 herein.

3.1.2 The emission reductions must be real, surplus, enforceable, permanent, and quantifiable in accordance with Authorities to Construct issued pursuant to District Regulation II and as confirmed and evidenced by revised permit conditions which may include and not be limited to the following:

3.1.2.1 hours of operation;

3.1.2.2 production rate or input rate;

- 3.1.2.3 record-keeping or reporting;
 - 3.1.2.4 enforceable test methods; and,
 - 3.1.2.5 minimum time period over which the above will be averaged.
- 3.1.3 Any new emissions reduction credits entered into the ERC Registry shall be discounted in value by 10 percent. The portion of ERCs discounted shall become Community ERCs and be deposited into the Community ERC Account, described in Part 5 herein.
- 3.2 Calculation of Emissions Reductions Eligible for ERCs
- The calculation of emissions reductions eligible for ERCs shall be done in accordance with the following:
- 3.2.1 the historical emissions before modification shall reflect:
 - 3.2.1.1 the actual operating conditions of the source which is applying for reduction credit, and the baseline emissions shall be determined by source tests, continuous emission monitors, or other methods approved by the District when an EPA approved test method does not exist;
 - 3.2.1.2 the amount of emissions remaining if appropriate BACT had been applied to all existing equipment or processes prior to shutdown;
 - 3.2.2 the emissions after the modification which will result in emission reductions shall be determined by source tests, continuous emissions monitors, or, when no EPA approved test methods exist, other methods approved by the District;
 - 3.2.3 the same emission calculation method should be used to quantify the emission levels before and after reduction;
 - 3.2.4 credit for the emissions reductions determined in Subsections 3.2.1 and 3.2.2 above shall be calculated as provided in the provisions of Rule 207 as in effect at the time the Banking Certificate is issued in accordance with Section 4.3 herein.
- 3.3 Sources of Emissions Reductions
- 3.3.1 Innovative Control Technology and Process Improvements. Emission reductions resulting from innovative control techniques or process improvements below current and actual emissions, but not to exceed the allowable emissions, may be banked as ERCs:

- 3.3.1.1 after the transmittal of documentation of the emission reduction and issuance of a Permit to Operate identifying the emission limitation for the source and reflecting the emission reduction; and
- 3.3.1.2 when appropriate, submitted in an application for an Authority to Construct permit submitted within two years before issuance of the Permit to Operate for the innovative control technique or process improvement.
- 3.3.1.3 If non-traditional alternatives to stationary source controls, including alternate fuels, mobile source or transportation measures, are proposed for emission reduction credits, these must meet the same criteria of enforceable, quantifiable, permanent, real and surplus, as would traditional stationary source control techniques, and the District shall not issue ERCs created from mobile sources unless EPA concurs with granting of the ERCs on a case-by-case basis.
 - 3.3.1.3.1 These emissions reduction credits may be calculated by methods other than the calculation methodology requirements of Subsection 3.2.4 herein, if deemed appropriate by the District.
 - 3.3.1.3.2 Emission reduction credits developed in accordance with this Subsection shall be subject to the provisions of Subsection 3.3.2.2 herein.
 - 3.3.1.3.3 Emission reduction credits developed in accordance with this Subsection may be subject to limitations on their useful lifetimes as offsets.
- 3.3.2 Changes in Permit to Operate Conditions. Emission reductions resulting from changes in permit conditions which result in actual emissions reductions documented as required by this Rule, may be banked.
 - 3.3.2.1 ERCs developed in accordance with this Subsection shall not be credited until after an Authority to Construct and a Permit to Operate has been issued as based on the application submitted by the source owner. For the case of shutdown sources, these reductions must represent emissions from a source had the source been applying BACT as defined in Rule 207. All conditions and allowances specified or implied in the initial Permit to Operate shall terminate immediately upon the issuance of the Authority to Construct and associated ERCs issued in accordance with this Subsection. The Authority to Construct and Permit to Operate shall contain conditions which limit the operation of the source so that emissions from the source do not exceed the levels determined pursuant to Subsection 3.2.2 herein to ensure that emissions reductions will be real and enforceable.
 - 3.3.2.2 Where the source of offsets is not subject to a District permit, a District permit with enforceable permit conditions, containing specific emission limitations,

must be obtained by the recipient of such offsets. A written agreement shall be required between the applicant and the owner or operator of such a source of offsets, which agreement, by its terms, shall be enforceable by the District as a third party beneficiary. Any breach of such an agreement shall be a violation of this Rule. The permit and agreement shall be submitted to the California Air Resources Board to be forwarded to the federal Environmental Protection Agency as part of the State Implementation Plan.

- 3.3.2.3 Application for emission reduction credits developed in accordance with this Subsection must be submitted to the District within 60 days of issuance of the modified Permit to Operate.
- 3.3.3 Source Shutdowns or Curtailments. Emissions reductions from a source shutdown or curtailment may be banked for ERCs for use for any new stationary source or modification provided the source owner can demonstrate the following as required by this Rule:
 - 3.3.3.1 the reductions are real, enforceable, quantifiable, surplus, and permanent;
 - 3.3.3.2 the reductions are not accounted for in the District Air Quality Management Plan;
 - 3.3.3.3 the reductions are not required by District Regulations which limit emissions or define BACT for the source; and,
 - 3.3.3.4 the reductions represent emissions from a source had the source been applying BACT as defined in Rule 207.
 - 3.3.3.5 Application for emission reduction credits must be submitted within 60 days of surrender or cancellation of the permits or 60 days of the last date of operation for non-permitted sources. Shutdown credits for which applications are not received by the District within 60 days may be deposited into the Community ERC Account by the District provided the credits meet the requirements of this Rule.
 - 3.3.3.6 Emission reductions resulting from the shutdown of a stationary source in any of the following categories shall not be eligible for deposit into the ERC Registry:
 - 3.3.3.6.1 gasoline dispensing facilities; or
 - 3.3.3.6.2 dry cleaning facilities.

PART 4 REQUIREMENTS: BANKING ERCs

4.1 ERC Registry and Tracking System

Emission reduction credits (ERCs) are the common currency of all banking, trading, selling, and tracking activities which use emission reduction activities provided for in this Rule.

4.1.1 The District shall develop a banking registry for eligible ERCs (ERC Registry) and pollutant reduction tracking system.

4.1.1.1 Such system shall assure the banking and use of ERCs do not interfere with the attainment or maintenance of any State or National Ambient Air Quality Standard, or any air quality increment set forth in Rule 207.

4.1.1.2 Such system shall also assure that the use of ERCs does not contravene relevant requirements of 42 U.S.C., Sections 7401 *et seq.*, (federal Clean Air Act and Amendments), or the State Health and Safety Code (HSC).

4.1.2 An ERC Registry established by the District in accordance with this Section shall be accessible to the public and should include but not be limited to the following:

4.1.2.1 a log of all entries;

4.1.2.2 a cumulative tally of banked ERCs;

4.1.2.3 an account for each depositor; and

4.1.2.4 a Community ERC Account, as described in Part 5 herein.

4.1.3 Confidentiality considerations may apply to pertinent activities and data utilized in the ERC tracking system.

4.2 Procedures for Banking ERCs

4.2.1 The applicant shall submit an application to the District describing the proposed reduction in sufficient detail for the District to make a preliminary determination regarding the eligibility of the reductions for banking credit.

4.2.2 The District shall determine within 30 days of receipt of the application whether that submittal is complete. After an application is deemed complete:

4.2.2.1 an evaluation shall be made to determine whether or not the eligibility criteria

of this Rule are met, and,

- 4.2.2.2 the baseline emissions of the equipment shall be determined as specified in Section 3.2 herein.
 - 4.2.3 After issuing an initial preliminary decision on the application, the District shall follow the appropriate noticing requirements in this Rule. After the close of the public comment period, the District shall consider the public input and issue a final preliminary decision on the application. Such decision shall be issued no later than 180 days after receipt of a completed application unless an extension is requested by the applicant.
 - 4.2.4 After the reductions are achieved, the new emissions level shall be determined as specified in 3.2 herein.
 - 4.2.5 After verification of the emissions reductions, the District shall issue a Banking Certificate to the applicant which reflects the provisions of Section 5.1 herein.
 - 4.2.6 Banking Certificates for ERCs are then valid immediately upon receipt by the District of the necessary fees provided for in Rule 300.
- 4.3 Banking Certificate
- Thirty (30) days after verification of emission reductions pursuant to this Rule, the District shall issue a Banking Certificate to the applicant to confirm emission reductions which will be credited in the ERC Registry.
- 4.3.1 Only emission reductions for which such a Banking Certificate has been issued, and for which necessary fees determined pursuant to Rule 300 have been paid, are eligible for sale, transfer, or other uses provided for in this Rule.
 - 4.3.2 The Banking Certificate shall contain a quantification of emissions reductions in the units in which offsets are required in Rule 207, the location of the source, the source's operating schedule, and applicable permit conditions (e.g., stack parameters, particle size, temperature and the velocity of plume, existence of hazardous pollutants, daily and seasonal emission rates) which limit the operation of the source so that emissions from the source do not exceed levels determined pursuant to Subsection 3.2.2 herein, to ensure that the respective emission reduction will be real and enforceable.
 - 4.3.3 Effective as of July 1, 1994, Banking Certificates, and the ERCs they evidence, shall be valid until surrendered to the District to satisfy offset requirements or until terminated by operation of law or amendment of this Rule.

4.4 Public Notification and Comment

Before final preliminary approval of the banking of ERCs of any affected pollutant, or declaring a moratorium on further banking of ERCs or further use of ERCs as provided for in Section 6.3 herein, the District shall publish in at least one newspaper of general circulation within the District, and send to any individual submitting a written request to the District for notification, a notice stating the initial preliminary decision of the District to approve the banking of applicable ERCs or to declare a moratorium on further banking or use of ERCs, inviting written public comment for a 30-day period following the date of publication. During this period, which may be extended by the District, the District may elect to hold a public meeting to receive oral comments from the public. After considering all such comments, the District shall make a final preliminary decision concerning such banking within ten days of the close of the comment period.

4.5 Appeal to the Hearing Board

Any person dissatisfied with the final preliminary determination made by the District pursuant to this Rule, may, within 30 days of the District's decision, petition the District Hearing Board for a hearing to review the District's decision. The decision of the Hearing Board shall be final. Only those persons submitting written comments during the public comment period provided under Section 4.4, or in the event oral testimony is given during any public meeting provided for under Section 4.4, those persons providing such testimony shall have the right pursuant to the provisions to appeal the decision of the District.

4.6 Procedure for Transferring ERCs

Emission reduction credits may be transferred by the registered holder of the ERCs, upon submittal of an application for ERC transfer by the registered holder to the District, and payment of all outstanding obligations to the District. ERCs may be transferred in whole or in part. Transfer of the banked reductions shall not be effective until the District informs the holder that notification of the transfer has been received and recorded in the ERC Registry. If reductions are transferred in part, the Banking Certificate must be surrendered to the District and a new ERC Banking Certificate issued to reflect the partial transfer. Sources operating in violation of any District rule or regulation shall not be eligible to transfer ERCs or receive transferred ERCs.

Ten percent of ERCs used to offset temporary sources shall be deposited into the Community ERC Account for use as specified in Part 5 of this Rule.

PART 5 REQUIREMENTS: COMMUNITY ERC ACCOUNT

5.1 Funding for the Community ERC Account

- 5.1.1 The District shall, at the time of any ERC deposit, deduct ten percent of the emissions reductions relative to criteria pollutants deposited in the ERC Registry to be placed into the Community ERC Account.
- 5.1.2 Any other actual emission reductions which the District determines to be surplus under the provisions of Subsection 3.3.3.5 and Section 4.6 may also be included in the Community ERC Account.
- 5.1.3 The District shall return the Community ERC Account credits from a stationary source which has received credits from the Community ERC Account back into the Community ERC Account, under the following condition:
 - 5.1.3.1 an Authority to Construct using Community ERCs is terminated prior to the commencement of operation.

5.2 Access to the Community ERC Account

Essential public services, as defined in Section 2.10 herein, shall be eligible for access to the Community ERC Account if the following conditions have been met prior to or in the same permitting action where access to the Community ERC Account is proposed:

- 5.2.1 the source has provided the maximum amount of required offsets available on-site by modifying existing equipment or processes at the stationary source to meet at least RACT standards; and
- 5.2.2 the source has demonstrated to the satisfaction of the District that it is not feasible to secure offsets from other sources.

5.3 Procedure for Obtaining Community Emission Reduction Credits

- 5.3.1 If an applicant holds any emission reduction credits, access to the Community ERC Account shall not be allowed, unless the applicant is proposing to provide such credits as offsets in the same permitting action where access to the special account is proposed.
- 5.3.2 On or before December 31st of each year, the District shall determine the amount of Community ERCs which are available for withdrawal from the Community ERC Account for the upcoming year.
 - 5.3.2.1 Additional emissions reductions obtained by the District and not included in

the yearly determination may be added, at the discretion of the District, to the previously established amount of Community ERCs.

- 5.3.3 Community ERCs shall be returned by the District to the Community ERC Account if the provisions of Subsection 5.1.3 are met.
- 5.3.4 Community ERCs cannot be transferred or banked by a source, except back into the Community ERC Account.

5.4 Administrative Requirements

- 5.4.1 The District shall track the cumulative total of emission credits obtained from the Community ERC Account by each stationary source.
- 5.4.2 Emission reductions proposed for deposit in the Community ERC Account shall be calculated in accordance with procedures established in Section 3.2 herein.
- 5.4.3 All new stationary sources shall be required to comply with applicable District NSR BACT requirements in Rule 207 prior to being allowed access to the Community ERC Account.
- 5.4.4 The District shall maintain public records of the source and amount of emission reductions obtained for deposit in the Community ERC Account, and transfers of these credits to applicants.

PART 6 REQUIREMENTS FOR USING ERCs

6.1 Limitations

The banking of ERCs provided for by this Rule is not intended to, and shall not, constitute any of the following:

- 6.1.1 provide authority for the recognition of any pre-existing vested right to emit air contaminants;
- 6.1.2 provide ERCs toward exemption of a source from BACT requirements contained in Rule 207;
- 6.1.3 provide ERCs toward exemption of a source from emission limitations established in Rule 423 or emission limitations for stationary sources established by the federal Environmental Protection Agency in 40 Code of Federal Regulations (CFR) Part 60,

New Source Performance Standards, or in 40 CFR Part 61, National Emission Standards for Hazardous Air Pollutants;

- 6.1.4 provide ERCs for increases in hazardous air pollutants defined in Rule 424 based on the reduction of nonhazardous emissions;
 - 6.1.5 provide double credit of emissions reductions which have already been included as part of the District's baseline emissions in the State Implementation Plan, or for attainment pollutants, emissions reductions that occurred before the determination of emission baselines calculated from the air quality emission increments set forth in Rule 207;
 - 6.1.6 provide ERCs for emission reductions already required by any permits, standards, agreements, orders, plans or requirements of federal, State, Air Resources Board, or District laws, rules and regulations, or the State Implementation Plan;
 - 6.1.7 provide ERCs for emission reductions achieved prior to April 21, 1993, unless those reductions can be verified to meet the requirements of this Rule;
 - 6.1.8 provide ERCs for emissions reductions at non-permitted sources, unless the source agrees to enter into an enforceable tracking mechanism of such credits, obtains a Permit to Operate, and complies with all permit requirements;
 - 6.1.9 provide ERCs for emission reductions achieved after a moratorium has been declared in accordance with Section 6.3 herein; or,
 - 6.1.10 provide ERCs for emissions of source shutdowns if those emissions are likely to be shifted to another source of the same type within the District, and that source will not be subject to the offset requirements of Rule 207.
- 6.2 Procedure for Use of ERCs
- 6.2.1 Banked ERCs may be used to offset emissions increases from new or modified sources according to the requirements of the provisions of Rule 207.
 - 6.2.1.1 Emission reduction credits for volatile organic compounds which are also identified as carcinogenic or toxic air contaminants under District Rule 1000 may only be used as emissions offsets for volatile organic compounds.
 - 6.2.1.2 Emission reduction credits utilized for offsets at Major Sources shall have been reduced by RACT at the time of use. At the time of their use, emission reduction credits will be analyzed to determine if the BACT reduction at the time of deposit is equal to or greater than RACT at the time of use. If not, then additional reductions will be made to meet RACT at the

time of use.

- 6.2.2 The source owner utilizing banked ERCs must demonstrate, prior to such use, to the satisfaction of the District, that the use of the reductions as offsets will not interfere with the attainment or maintenance of any ambient air quality standard, or the exceedance of air quality increments identified in Rule 207.

6.3 Moratorium on Use of Banked ERCs

If the District determines that additional mandatory emission reductions will be necessary to attain federal, State, or District air quality standards, the District may declare a full or partial moratorium on the use of banked ERCs or the banking of ERCs of the applicable air contaminant. Such a moratorium shall be lifted after the District determines that State and federal planning requirements are being fulfilled.

* * * * *