

SAN LUIS OBISPO COUNTY AIR POLLUTION CONTROL DISTRICT

RULE 211 - EMISSION BANKING

(Adopted 9/24/79; Revised 2/23/88, 11/5/91, and 8/10/93)

A. APPLICABILITY

This Rule provides for the banking of emission reductions of reactive organic gases (ROG), nitrogen oxides (NO_x), particulate matter less than 10 microns (PM₁₀), carbon monoxide (CO) and sulfur oxides (SO_x). Eligibility standards and administrative practices are included as a check against the Federal criteria that any emission reductions intended to be banked are real, quantifiable, permanent, enforceable, and surplus.

B. REQUIREMENTS

1. Emission reduction credits can be granted only through the emission banking process.
2. Any person who has modified or taken out of service any permitted emission unit for the purpose of receiving emission reduction credits must surrender the existing permit to operate for that emission unit involved before a certificate of Emissions Reduction Credit (ERC) can be granted.
3. Notwithstanding the provisions of Rule 201 (Exemptions) of these Rules, any modifications to the basic equipment or control equipment for an emission unit involved in a banking proposal shall be subject to the applicable requirements of Rule 202 (Permits) of these Rules.

C. EMISSION REDUCTION DISCOUNTS AND LIMITATIONS

1. Emission reductions which result from either a reduction in throughput or shutdown shall be discounted by the greater of the following:
 - a. The amount of the emission reduction that could be controlled by the application of the Best Available Retrofit Control Technology (BARCT) applicable on the date the application to bank emission reduction credits is deemed complete.
 - b. Twenty (20) percent.
2. Emission reductions which result from the application of control equipment, the modification of an emission unit, or the replacement of an emission unit with a lower emitting emission unit shall be discounted by twenty (20) percent.
3. Emission reductions from emission units subject to a control measure proposed for adoption or further study in the most recent update of the District's Clean Air Plan (CAP) shall be eligible for banking until the rule that is based on the applicable control measure is implemented. At the time the applicable rule is implemented, the ERC and any offsets obtained by the use of the ERC shall be set to zero. The emission reduction credits shall not be reduced to zero if the reduction is in excess of amount required by the applicable control measure. In this event only the excess emission reduction may be permanently banked.
4. Offsets obtained from the community bank are not eligible for banking. Any reductions in these emissions are credited back to the community bank.
5. Emission reductions are not eligible for banking under the following conditions:
 - a. the emissions were not offset with ERC's; and
 - b. the emissions being reduced were from an increase in the potential to emit which occurred after November 5, 1991.

D. APPLICATION FOR AND DETERMINATION OF EMISSION REDUCTION CREDITS

1. Any person wishing to be credited with an emission reduction shall submit an application to the District. The application to bank emission reduction credits must be submitted to the District before the emission

unit is modified to reduce emissions. However, if the emission reduction occurs as a result of a decrease in throughput or a shutdown of an emission unit, an application to bank emission reduction credits must be submitted within 90 days of the reduction or shutdown. If the emission reduction occurs as a result of permit activity requiring an application for an Authority to Construct, the Authority to Construct application may serve as the application to bank emission reduction credits if so requested by the applicant.

2. The APCO shall deny any application to bank emission reduction credits if the applicant fails to provide sufficient information to calculate the emission reduction or to determine if the emission reduction is real, quantifiable, permanent, enforceable, and surplus.
3. An application to bank emission reduction credits shall be treated and processed in the same manner as an Authority to Construct or Permit to Operate application.

E. ADMINISTRATIVE REQUIREMENTS

1. Action, conditional approval, denial and appeal of ERC applications shall be subject to the same provisions as Authorities to Construct and Permits to Operate in Rules 205, 206, 207 and 208.
2. Withdrawal of a banking application by an applicant will result in cancellation of the application. Any re-submittal of an application will be evaluated using a new emissions calculation as on the date of re-submittal.
3. The APCO shall maintain a Banking Register, which shall consist of a record of all deposit applications, deposits, withdrawals, and transactions with regard to the ERC Bank. Subject to District Rule 112, all data in the Banking Register shall be available to the public upon request.

F. EMISSION REGISTRATION

1. Registration of Title

When all the requirements of this rule have been satisfied and the emission reduction has actually occurred, the APCO shall issue a certificate to the applicant identifying the emission reduction credits and any emission reduction credits that could be subject to reductions pursuant to subsection C. In cases involving an appeal of the APCO's decision, issuance of the certificate shall be subject to the outcome of the appeal.

2. Transfer by Registered Owner

Transfer of all or any portion of an Emission Reduction Credit shall be in writing signed by the holder of the ERC in any form authorized by law. Upon filing such deed or other instrument in the District's office and payment of the fee required by Rule 306, the transfer shall be complete and the title so transferred shall vest in the transferee. Copies of modified certificates shall be mailed to the parties involved in the transfer. If the transfer involved a change in an existing Permit to Operate the District shall send amended Permits to Operate to the appropriate permit holder.

G. LIMITATIONS ON THE USAGE OF EMISSION REDUCTION CREDITS

An application to use Emission Reduction Credits as an offset shall demonstrate compliance with all applicable requirements of these Rules.