

8/28/06

(Adopted October 5, 1979)(Amended March 7, 1980)(Amended September 10, 1982)
(Amended July 12, 1985)(Amended September 5, 1986) (Amended June 28, 1990)
(Amended December 7, 1995)

RULE 1301. GENERAL

(a) Purpose

This regulation sets forth pre-construction review requirements for new, modified, or relocated facilities, to ensure that the operation of such facilities does not interfere with progress in attainment of the national ambient air quality standards, and that future economic growth within the South Coast Air Quality Management District (District) is not unnecessarily restricted. The specific air quality goal of this regulation is to achieve no net increases from new or modified permitted sources of nonattainment air contaminants or their precursors.

In addition to nonattainment air contaminants, this regulation will also limit emission increases of ammonia, and Ozone Depleting Compounds (ODCs) from new, modified or relocated facilities by requiring the use of Best Available Control Technology (BACT).

(b) Applicability

- (1) The provisions of this regulation shall apply to the installation of a new source and to the modification of an existing source which may cause the issuance of any nonattainment air contaminant, any ODC, or ammonia at any facility. For facilities subject to Regulation XX - RECLAIM, Regulation XIII only applies to pollutants not specifically regulated by Regulation XX.
- (2) Construction of new, or modification of existing power plants subject to Public Resources Code 25500 and following sections shall be evaluated and processed in accordance with the regulations of the California Energy Resources Conservation and Development Commission governing such facilities.
- (3) Any non-road or qualifying portable internal combustion engine as defined in Rule 301(b)(11) and (b)(13) subject to EPA regulations, shall upon approval by the Executive Officer or designee be exempt from Regulation XIII.

- (4) Any equipment registered pursuant to Rule 2100 - Registration of Portable Equipment shall be exempt from Regulation XIII.

(c) Effective Date

(1) Implementation Date

This regulation, as amended on December 7, 1995 shall become effective on February 1, 1996. Applications received by the District shall be subject to Regulation XIII as amended and in effect at the time such application is deemed complete, regardless of the date of equipment installation.

(2) NSR Balance

All positive NSR balances will be adjusted to zero on December 7, 1995.

(d) State Standards

For the purpose of this regulation, all references to the national ambient air quality standards and nonattainment shall be interpreted to include state ambient air quality standards. This subsection shall not be included as part of any revision to the District's portion of the State Implementation Plan (SIP).

(e) Compliance

Failure to comply with the requirements of Regulation XIII - New Source Review, shall result in enforcement action pursuant to the California Health and Safety Code and/or the federal Clean Air Act.

3/10/98

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(Amended Sept. 10, 1982)(Amended July 12, 1985)(Amended August 1, 1986)
(Amended Dec. 2, 1988)(Amended June 28, 1990)(Amended May 3, 1991)
(Amended December 7, 1995)(Amended June 13, 1997)

RULE 1302. DEFINITIONS

- (a) ACTUAL EMISSIONS means the emissions of a pollutant from an affected source determined by taking into account actual emission rates and actual or representative production rates (i.e., capacity utilization and hours of operation).
- (b) AIR CONTAMINANT means any air pollutant for which there is a national ambient air quality standard, or precursor to such air pollutant, including but not limited to: carbon monoxide, sulfur dioxide, nitrogen oxides, particulate matter, lead compounds and volatile organic compounds.
- (c) ALLOWABLE EMISSIONS means the emissions rate of a stationary source calculated using the maximum rated capacity of the source, unless the source is subject to federally enforceable limits which restrict the operation rate, or hours of operation, or both, and the most stringent of the following: (1) the applicable standards set forth in 40 CFR Part 60 or 61; (2) any applicable SIP emissions limitation including those with a future compliance date; or (3) the emissions rate specified as federally enforceable permit conditions including those with a future compliance date.
- (d) BANKING means the process of recognizing and certifying emission reductions and the registering transaction involving Emission Reduction Credits.
- (e) BASIN means the South Coast Air Basin or the nonattainment Planning Area of the Riverside County portion of the Southeast Desert Air Basin (SEDAB), or the remaining portion of the Riverside County SEDAB area, or the Los Angeles County SEDAB area within the South Coast Air Quality Management District (District). The boundaries of each air basin shall be as defined by the California Air Resources Board.
- (f) BEST AVAILABLE CONTROL TECHNOLOGY (BACT) means the most stringent emission limitation or control technique which:
 - (1) has been achieved in practice for such category or class of source; or

- (2) is contained in any state implementation plan (SIP) approved by the United States Environmental Protection Agency (EPA) for such category or class of source. A specific limitation or control technique shall not apply if the owner or operator of the proposed source demonstrates to the satisfaction of the Executive Officer or designee that such limitation or control technique is not presently achievable; or
 - (3) is any other emission limitation or control technique, found by the Executive Officer or designee to be technologically feasible for such class or category of sources or for a specific source, and cost-effective as compared to measures as listed in the Air Quality Management Plan (AQMP) or rules adopted by the District Governing Board.
- (g) BEST AVAILABLE RETROFIT CONTROL TECHNOLOGY means 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.
- (h) COGENERATION PROJECT means a project which:
- (1) makes sequential use of exhaust steam, waste steam, heat or resultant energy from an industrial, commercial, or manufacturing plant or process for the generation of electricity; or
 - (2) makes sequential use of exhaust steam, waste steam, or heat from a thermal power plant, in an industrial, commercial, or manufacturing plant or process.
- For the purposes of this definition, the "industrial, commercial or manufacturing plant or process" shall not be a thermal power plant or portion thereof. A cogeneration project shall not consist of steam or heat developed solely for electrical power generation. To qualify as a cogeneration project, the processes listed in (1) and (2) above must meet the conditions specified in Public Resources Code Section 25134.
- (i) EMISSION LIMITATION is a federally enforceable permit condition limiting emissions from a discrete operation, unit or other pollutant emitting source.
- (j) EMISSION REDUCTION CREDIT (ERC) means the amount of emissions reduction which is verified and determined to be eligible for credit at a facility in accordance with all District rules and regulations. An ERC represents final

eligible emission reductions and may be used as such, in accordance with the provisions of Regulation XIII.

- (k) ESSENTIAL PUBLIC SERVICE includes:
- (1) sewage treatment facilities, which are publicly owned or operated, and consistent with an approved regional growth plan;
 - (2) prisons;
 - (3) police facilities;
 - (4) fire fighting facilities;
 - (5) schools;
 - (6) hospitals;
 - (7) construction and operation of a landfill gas control or processing facility;
 - (8) water delivery operations; and
 - (9) public transit.
- (l) EXEMPT COMPOUNDS are as defined in Rule 102.
- (m) FACILITY means any source or group of sources or other air contaminant-emitting activities which are located on one or more contiguous properties within the District, in actual physical contact or separated solely by a public roadway or other public right-of-way, and are owned or operated by the same person (or by persons under common control), or an outer continental shelf (OCS) source as determined in 40 CFR Section 55.2. Such above-described groups, if noncontiguous, but connected only by land carrying a pipeline, shall not be considered one facility. Sources or installations involved in crude oil and gas production in Southern California Coastal or OCS Waters and transport of such crude oil and gas in Southern California Coastal or OCS Waters shall be included in the same facility which is under the same ownership or use entitlement as the crude oil and gas production facility on-shore.
- (n) FEDERALLY ENFORCEABLE means all permit limitations and conditions which are enforceable by the EPA Administrator.
- (o) MAJOR MODIFICATION means any modification, as specified in subdivision (s), at an existing major polluting facility that will cause;

- (1) an increase of one pound per day or more, of the facility's potential to emit oxides of nitrogen (NO_x) or volatile organic compounds (VOCs), provided the facility is not located in the Southeast Desert Air Basin (SEDAB), or
- (2) an increase of 40 tons per year or more, of the facility's potential to emit oxides of sulfur (SO_x), or
- (3) an increase of 15 tons per year or more, of the facility's potential to emit particulate matter with an aerodynamic diameter of less than or equal to a nominal ten microns (PM₁₀); or,
- (4) an increase of 100 tons per year or more, of the facility's potential to emit carbon monoxide (CO).

For an existing major polluting facility located in the SEDAB, major modification means any modification that will cause an increase of 25 tons per year or more, of the facility's potential to emit NO_x or VOC; whereas the requirements for SO_x, PM₁₀, and CO are as specified above in paragraphs (o)(2), (o)(3), and (o)(4).

- (p) MAJOR POLLUTING FACILITY means any facility not located in the SEDAB which emits or has the potential to emit the following amounts or more:

Volatile Organic Compounds (VOC)	(10) tons per year
Nitrogen Oxides (NO _x)	(10) tons per year
Sulfur Oxides (SO _x)	(70) tons per year
Particulate Matter (PM ₁₀)	(70) tons per year
Carbon Monoxide (CO)	(100) tons per year

For any facility located in the SEDAB, major polluting facility means any facility which emits or has the potential to emit the following amounts or more:

Volatile Organic Compounds (VOC)	(25) tons per year
Nitrogen Oxides (NO _x)	(25) tons per year
Sulfur Oxides (SO _x)	(100) tons per year
Particular Matter (PM ₁₀)	(70) tons per year
Carbon Monoxide (CO)	(100) tons per year

- (q) MOBILE SOURCE means a device by which any person or property may be propelled, moved, or drawn upon a roadway, stationary rails or tracks, waterways, or through the atmosphere, and which emits air contaminants.

- (r) MODELING means using an air quality simulation model, based on specified assumptions and data, and which model is approved by the EPA and has been approved in writing by the Executive Officer or designee.
- (s) MODIFICATION means any physical change in equipment, change in method of operation, or an addition to an existing facility, which may cause the issuance of air contaminants. Routine maintenance and/or repair shall not be considered a physical change. A change in the method of operation of equipment, unless previously limited by an enforceable permit condition, shall not include:
- (1) an increase in the production rate, unless such increase will cause the maximum design capacity of the equipment to be exceeded.
 - (2) an increase in the hours of operation.
 - (3) a change in operator of a facility.
- (t) NEW SOURCE REVIEW (NSR) BALANCE means the sum of the emission increases, decreases, and offsets as listed in District records, and approved by the Executive Officer or designee that has been determined at a facility pursuant to the District's New Source Review rules since October 8, 1976 to December 7, 1995. Under no circumstances shall the New Source Review Balance be greater than the facility's potential to emit or less than zero.
- (u) NONATTAINMENT AIR CONTAMINANT means any air contaminant for which there is a national or state ambient air quality standard, or precursor to such air contaminant, which:
- (1) has been designated "nonattainment" pursuant to the California Air Resources Board in accordance with Section 39607 of California Health & Safety Code; or
 - (2) has been designated "nonattainment" pursuant to final rulemaking by the EPA as published in the Federal Register.
- (v) OZONE DEPLETING COMPOUNDS (ODCs) are as defined in Rule 102.
- (w) PERMANENT means that emission reductions used to offset emission increases are assured for the life of the corresponding increase, whether unlimited or limited in duration.

- (x) PERMIT UNIT means any article, machine, equipment, or other contrivance, or combination thereof, which may cause or control the issuance of air contaminants that is not exempt from permit requirements.
- (y) POTENTIAL TO EMIT means the amount of pollutants calculated (1) using a calendar monthly average, and, (2) on a pound-per-day basis from permit conditions which directly limit the emissions, or, when no such conditions are imposed, from:
- (1) the maximum rated capacity; and
 - (2) the maximum daily hours of operation; and
 - (3) the physical characteristics of the materials processed.
- Fugitive emissions associated with the source shall be included in the potential to emit.
- (z) PM₁₀ means particulate matter with aerodynamic diameter of less than or equal to a nominal 10 microns as measured by an applicable reference test method.
- (aa) PRECURSOR means a substance that, when released to the atmosphere, forms or causes to be formed or contributes to the formation of another or secondary air contaminant for which a national ambient air quality standard has been adopted, or whose presence in the atmosphere will contribute to the violation of one or more national ambient air quality standards. Precursors and secondary pollutants include:

PRECURSORS

Volatile Organic Compounds (VOC)

Nitrogen Oxides (NO_x)Sulfur Oxides (SO_x)**SECONDARY POLLUTANTS**

- a) photochemical oxidant (ozone)
 - b) the organic fraction of suspended particulate matter
- a) nitrogen dioxide (NO₂)
 - b) the nitrate fraction of suspended particulate matter
 - c) photochemical oxidant (ozone)
- a) Sulfur dioxide (SO₂)
 - b) sulfates (SO₄)
 - c) the sulfate fraction of suspended particulate matter

- (bb) QUALIFYING FACILITY means a power generating facility which:
- (1) produces electric energy solely by the use, as a primary energy source, of biomass, waste, renewable resources, geothermal resources, or any combination thereof; and
 - (2) has a power production capacity which, together with any other facilities located at the same site, is not greater than 80 megawatts; and
 - (3) is determined by the Federal Energy Regulatory Commission (FERC), by rule, to meet such requirements (including fuel use, fuel efficiency, and reliability) as the Commission may, by rule, prescribe; and
 - (4) is owned by a person not primarily engaged in the generation or sale of electric power, other than electric power solely from cogeneration facilities or facilities meeting the provisions of subparagraphs (1) and (2).
- (cc) QUANTIFIABLE EMISSIONS means that the emission reductions eligible for ERCs were calculated both before and after the reduction using the same method and averaging time.
- (dd) RELOCATION means the removal of an existing source from one parcel of land in the District and installation on another parcel of land where the two parcels are not in actual physical contact and are not separated solely by a public roadway or other public right-of-way.
- (ee) RESOURCE RECOVERY PROJECT means a project which uses municipal waste, refuse-derived, biomass-derived or other nonfossil fuels for useful energy generation within the same basin that the fuel was generated.
- (ff) SMALL BUSINESS means for BACT determination purposes only, any business which meets all of the following criteria:
- (1) the number of employees is 100 or less;
 - (2) the total gross annual receipts are \$2,000,000 or less;
 - (3) be privately held and not publicly traded;
 - (4) not be a major stationary source;
 - (5) be subject to Regulation XIII and not Rule 2005(RECLAIM); and
 - (6) if legally affiliated with another business, the combined activities shall meet the above requirements.

A facility is a major stationary source if it is subject to Regulation XXX - Title V Permits based on subdivision (a) of Rule 3001 - Applicability or is a major polluting facility as determined in this regulation.

- (gg) SOURCE means any permitted individual unit, piece of equipment, article, machine, process, contrivance, or combination thereof, which may emit or control an air contaminant. This includes any permit unit at any non-RECLAIM facility and any device at a RECLAIM facility.
- (hh) SOUTHEAST DESERT AIR BASIN (SEDAB) means that portion of the air basin containing specific desert portions of Los Angeles, Riverside and San Bernardino counties, as defined in Title 17, California Code of Regulations, Section 60109, within the jurisdiction of the District.
- (ii) VOLATILE ORGANIC COMPOUNDS (VOCs) are as defined in Rule 102.

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(Amended May 3, 1991)(Amended December 7, 1995)(Amended May 10, 1996)

RULE 1303. REQUIREMENTS

- (a) Best Available Control Technology:
- (1) The Executive Officer or designee shall deny the Permit to Construct for any relocation or for any new or modified source which results in an emission increase of any nonattainment air contaminant, any ozone depleting compound, or ammonia, unless Best Available Control Technology is employed for the new or relocated source or for the actual modification to an existing source.
 - (2) In implementing subdivision (a), the Executive Officer or designee shall periodically publish guidelines indicating the administrative procedures and requirements for commonly permitted sources. Best Available Control Technology for other source categories shall be determined on a case-by-case basis using the definition of Best Available Control Technology in Rule 1302 and the general administrative procedures and requirements of the Best Available Control Technology Guidelines.
 - (3) Where the requirement of paragraph (a)(1) is applicable to a small business that is not a major polluting facility, the Executive Officer or designee shall consider cost in determining the level of Best Available Control Technology required for new or modified sources at such a facility, provided that the applicant fully substantiates his eligibility as a small business as defined in Rule 1302. Notwithstanding the preceding sentence, Best Available Control Technology for such sources shall be at least as stringent as Lowest Achievable Emission Rate as defined in the federal Clean Air Act Section 171(3) [42 U.S.C. Section 7501(3)].
 - (4) The Best Available Control Technology requirements of this paragraph shall apply regardless of any modeling or offset exemption in Rule 1304.
- (b) The Executive Officer or designee shall, except as Rule 1304 applies, deny the Permit to Construct for any new or modified source which results in a net emission increase of any nonattainment air contaminant at a facility, unless each of the following requirements is met:

(1) Modeling

The applicant substantiates with modeling, according to Appendix A or other analysis approved by the Executive Officer or designee, that the new facility or modification will not cause a significant increase in an air quality concentration as specified in Table A-2 of Appendix A.

(2) Emission Offsets

Unless exempt from offsets requirements pursuant to Rule 1304, emission increases shall be offset by either Emission Reduction Credits approved pursuant to Rule 1309, or by allocations from the Priority Reserve in accordance with the provisions of Rule 1309.1. Offset ratios shall be 1.2-to-1.0 for Emission Reduction Credits and 1.0-to-1.0 for allocations from the Priority Reserve, except for facilities located in the Southeast Desert Air Basin, where the offset ratio for Emission Reduction Credits only shall be 1.2-to-1.0 for VOC, NO_x, SO_x and PM₁₀ and 1.0-to-1.0 for CO.

(3) Sensitive Zone Requirements

Unless credits are obtained from the Priority Reserve, facilities located in the South Coast Air Basin are subject to the Sensitive Zone requirements specified in Health and Safety Code Section 40410.5. A facility in zone 1 may obtain Emission Reduction Credits originated in zone 1 only, and a facility in zone 2A may obtain Emission Reduction Credits from either zone 1 or zone 2A, or both, or demonstrate to the Executive Officer or designee a net air quality benefit in the area impacted by the emissions from the subject facility.

(4) Facility Compliance

The subject facility complies with all applicable rules and regulations of the District.

(5) Major Polluting Facilities

In addition to the above requirements, any new major polluting facility or –major modification at an existing major polluting facility shall comply with the following requirements:

(A) Alternative Analysis

Conduct an analysis of alternative sites, sizes, production processes, and environmental control techniques for such proposed source and demonstrate that the benefits of the proposed project outweigh the environmental and social costs associated with that project.

- (B) Statewide Compliance
 Demonstrate prior to the issuance of a Permit to Construct, that all major stationary sources, as defined in the jurisdiction where the facilities are located, that are owned or operated by such person (or by any entity controlling, controlled by, or under common control with such person) in the State of California are subject to emission limitations and are in compliance or on a schedule for compliance with all applicable emission limitations and standards under the Clean Air Act.
- (C) Protection of Visibility
 - (i) Conduct a modeling analysis for plume visibility in accordance with the procedures specified in Appendix B if the net emission increase from the new or modified source exceeds 15 tons/year of PM₁₀ or 40 tons/year of NO_x; and the location of the source, relative to the closest boundary of a specified Federal Class I area, is within the distance specified in Table C-1.

Table C-1

<i>Federal Class I Area</i>	<i>Distance (km)</i>
Agua Tibia	28
Cucamonga	28
Joshua Tree	29
San Gabriel	29
San Geronio	32
San Jacinto	28

- (ii) In relation to a permit application subject to the modeling analysis required by clause (b)(5)(C)(i), the Executive Officer shall:
 - (I) deem a permit application complete only when the applicant has complied with the requisite modeling analysis for plume visibility pursuant to clause (b)(5)(C)(i);

- (II) notify and provide a copy of the complete permit application file to the applicable Federal Land Manager(s) within 30 calendar days after the application has been deemed complete and at least 60 days prior to final action on the permit application;
 - (III) consider written comments, relative to visibility impacts from the new or modified source, from the responsible Federal Land Manager(s), including any regional haze modeling performed by the Federal Land Manager(s), received within 30 days of the date of notification, _when determining the terms and conditions of the permit;
 - (IV) consider the Federal Land Manager(s) findings with respect to the geographic extent, intensity, duration, frequency and time of any identified visibility impairment of an affected Federal Class I area, including how these factors correlate with times of visitor use of the Federal Class I area, and the frequency and timing of natural conditions that reduce visibility; and,
 - (V) explain its decision or give notice as to where to obtain this explanation if the Executive Officer finds that the Federal Land Manager(s) analysis does not demonstrate that a new or modified source may have an adverse impact on visibility in an affected Federal Class I area.
- (iii) If a project has an adverse impact on visibility in an affected Federal Class I area, the Executive Officer may consider the cost of compliance, the time necessary for compliance, the energy and non-air quality environmental impacts of compliance, the useful life of the source, and all other relevant factors in determining whether to issue or deny the Permit to Construct or Permit to Operate.
- (D) Compliance Through California Environmental Quality Act
The requirements of subparagraph (b)(5)(A) may be met through compliance with the California Environmental Quality Act in the following manner:

- (i) if the proposed project is exempt from California Environmental Quality Act analysis pursuant to a statutory or categorical exemption pursuant to Title 14, California Code of Regulations Sections 15260 to 15329, subparagraph (b)(5)(A) shall not apply to that project;
- (ii) if the proposed project qualifies for a negative declaration pursuant to Title 14 California Code of Regulations Section 15070, or for a mitigated negative declaration as defined in Public Resources Code Section 21064.5; subparagraph (b)(5)(A) shall not apply to that project, or
- (iii) the proposed project has been analyzed by an environmental impact report pursuant to Public Resources Code Section 21002.1 and Title 14 California Code of Regulations Section 15080 et seq., subparagraph (b)(5)(A) shall be deemed to be satisfied.

APPENDIX A

The following sets forth the procedure for complying with the air quality modeling requirements of Rule 1303(b). An applicant must either (1) provide an analysis, approved by the Executive Officer or designee, or (2) show by using the Screening Analysis below, that a significant increase in air quality concentration will not occur. Modeling for VOC and SO_x is not required.

Table A-1 of the screening analysis is subject to change by the Executive Officer or designee, based on improved modeling data.

SCREENING ANALYSIS

Compare the emissions from the source you are applying for to those in Table A-1. If the emissions are less than the allowable emissions, no further analysis is required. If the emissions are greater than the allowable emissions, a more detailed air quality modeling analysis is required.

Table A-1

Allowable Emissions
for Noncombustion Sources and for
Combustion Sources less than or equal to 40 Million BTUs per hour

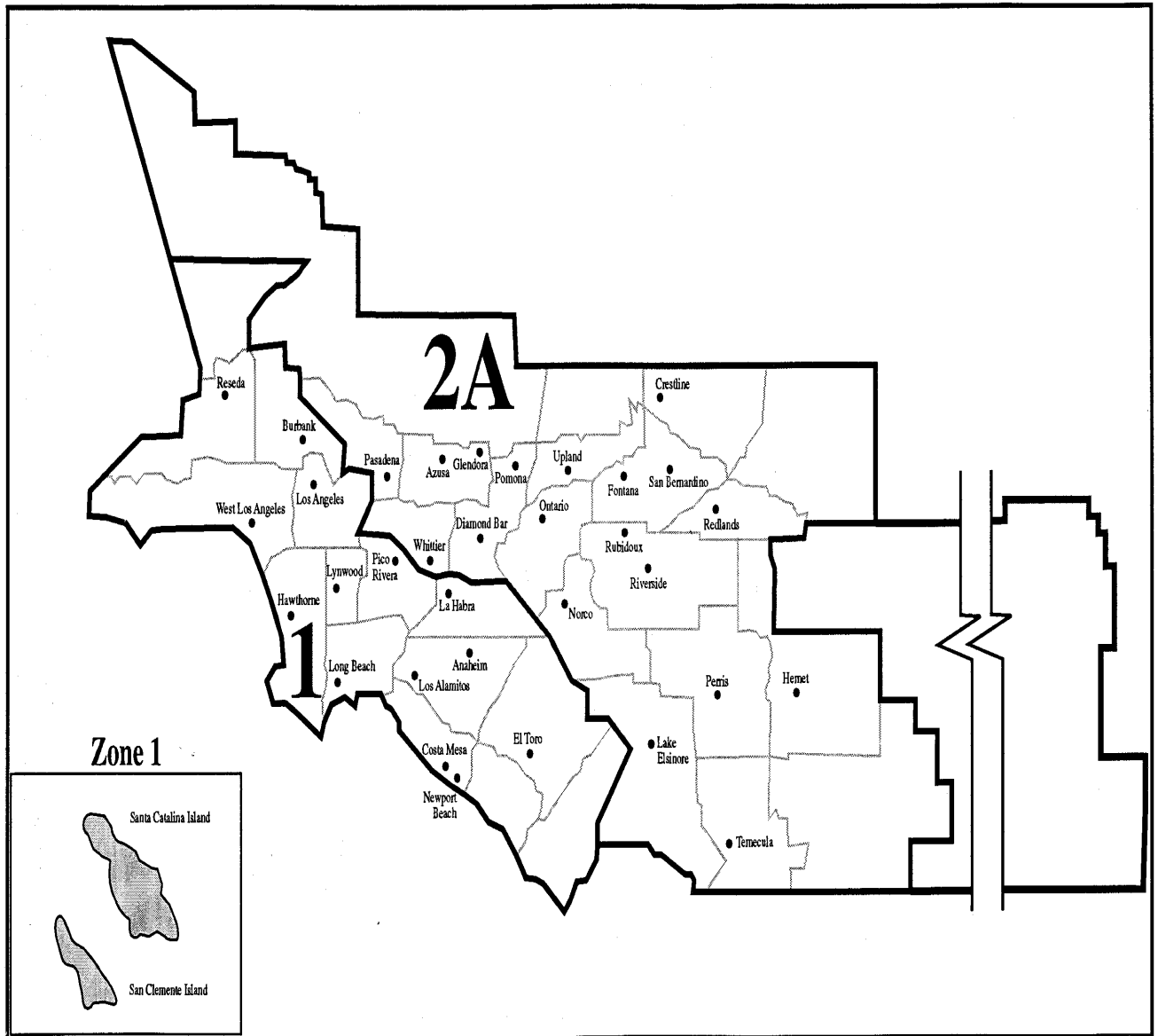
Heat Input Capacity (million BTUs/hr)	NO _x (lbs/hr)	CO (lbs/hr)	PM ₁₀ (lbs/hr)
Noncombustion Source	0.068	3.7	0.41
< 2	0.20	11.0	1.2
>2 < 5	0.31	17.1	1.9
>5 < 10	0.47	25.9	2.8
>10 < 20	0.86	47.3	5.2
>20 < 30	1.26	69.3	7.6
>30 ≤40	1.31	72.1	7.9

TABLE A-2

Most Stringent Ambient Air Quality Standard and
Allowable Change in Concentration
For Each Air Contaminant/Averaging Time Combination

Air Contaminant	Averaging Time	Most Stringent Air Quality Standard		Significant Change in Air Quality Concentration	
-					
Nitrogen Dioxide	1-hour Annual	25 pphm 5.3 pphm	500 ug/m ³ 100 ug/m ³	1 pphm 0.05 pphm	20 ug/m ³ 1 ug/m ³
Carbon Monoxide	1-hour 8-hour	20 ppm 9.0 ppm	23 mg/m ³ 10 mg/m ³	1 ppm 0.45 ppm	1.1 mg/m ³ 0.50 mg/m ³
Suspended Particulate Matter-<10um (PM ₁₀)	24-hour Annual Geometric Mean	50 ug/m ³ 30 ug/m ³			2.5 ug/m ³ 1 ug/m ³
Sulfate	24-hour	25 ug/m ³			1 ug/m ³

NSR Trading Zones South Coast AQMD Air Monitoring Stations



APPENDIX B
MODELING ANALYSIS FOR VISIBILITY

- (a) The modeling analysis performed by the applicant shall consider:
 - (1) the net emission increase from the new or modified source; and
 - (2) the location of the source and its distance to the closest boundary of specified Federal Class I area(s).

- (b) Level 1 and 2 screening analysis for adverse plume impact pursuant to subparagraph (b)(5)(C) of this rule for modeling analysis of plume visibility shall consider the following applicable screening background visual ranges:

Federal Class I Area	Screening Background Visual Range (km)
Agua Tibia	171
Cucamonga	171
Joshua Tree	180
San Gabriel	175
San Gorgonio	192
San Jacinto	171

For level 1 and 2 screening analysis, no adverse plume impact on visibility results when the total color contrast value (Delta-E) is 2.0 or less and the plume contrast value (C) is 0.05 or less. If these values are exceeded, the Executive Officer shall require additional modeling. For level 3 analysis the appropriate background visual range, in consultation with the Executive Officer, shall be used. The Executive Officer may determine that there is no adverse visibility impact based on substantial evidence provided by the project applicant.

- (c) When more detailed modeling is required to determine the project's visibility impact or when an air quality model specified in the Guidelines below is deemed inappropriate by the Executive Officer for a specific source-receptor application, the model may be modified or another model substituted with prior written approval by the Executive Officer, in

consultation with the federal Environmental Protection Agency and the Federal Land Managers.

- (d) The modeling analysis for plume visibility required pursuant to subparagraph (b)(5)(C) of this rule shall comply with the most recent version of:
 - (1) “Guideline on Air Quality Model (Revised)” (1986), supplement A (1987), supplement B (1993) and supplement C (1994), EPA-450/2-78-027R, US EPA, Office of Air Quality Planning and Standards Research Triangle Park, NC 27711; and
 - (2) “Workbook for Plume Visual Impact Screening and Analysis (Revised),” EPA-454-/R-92-023, US EPA, Office of Air Quality Planning and Standards, Research Triangle Park, NC 27711;
 - (3) “User’s Manual for the Plume Visibility Model (PLUVUE II) (Revised),” EPA-454/B-92-008, US EPA, Office of Air Quality Planning and Standards, Research Triangle Park, NC 27711 (for Level-3 Visibility Analysis)

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RULE 1304. EXEMPTIONS

(a) Modeling and Offset Exemptions

Upon approval by the Executive Officer or designee, an exemption from the modeling requirement of Rule 1303 (b)(1) and the offset requirement of Rule 1303 (b)(2) shall be allowed, for the following sources.

(1) Replacements

The source is replacing a functionally identical source or is a functionally identical modification to a source and there is no increase in maximum rating, and the potential to emit of any air contaminant will not be greater from the new source than from the replaced source, when the replaced source was operated at the same conditions and as if current BACT were applied.

(2) Electric Utility Steam Boiler Replacement

The source is replacement of electric utility steam boiler(s) with combined cycle gas turbine(s), intercooled, chemically-recuperated gas turbines, other advanced gas turbine(s); solar, geothermal, or wind energy or other equipment, to the extent that such equipment will allow compliance with Rule 1135 or Regulation XX rules. The new equipment must have a maximum electrical power rating (in megawatts) that does not allow basinwide electricity generating capacity on a per-utility basis to increase. If there is an increase in basin-wide capacity, only the increased capacity must be offset.

(3) Abrasive Blasting Equipment

The source is portable abrasive blasting equipment complying with all state laws.

(4) Emergency Equipment

The source is exclusively used as emergency standby equipment for nonutility electrical power generation or any other emergency equipment as approved by the Executive Officer or designee, provided the source does

not operate more than 200 hours per year as evidenced by an engine-hour meter or equivalent method.

(5) Air Pollution Control Strategies

The source is subjected to a modification or process change solely to reduce the issuance of air contaminants. This exemption shall not apply to landfill gas control operations or to any modification or process change made for the purpose of achieving regulatory compliance.

(6) Emergencies

The source is exclusively used in emergency operations, such as emergency soil decontamination or excavation, performed by, under the jurisdiction of, or pursuant to the requirements of, an authorized health officer, agricultural commissioner, fire protection officer, or other authorized agency officer. A person shall report any emergency within one hour of such emergency to the District or within one hour of the time said person knew or reasonably should have known of its occurrence. A specific time limit for each operation will be imposed.

(7) Portable Equipment

The source is periodically relocated, and is not located more than twelve consecutive months at any one facility in the District. The residency time of twelve consecutive months shall commence when the equipment is brought into the facility and placed into operation. This paragraph does not apply to portable internal combustion engines.

(8) Portable Internal Combustion Engines

The source is periodically relocated, and is not located more than twelve consecutive months at any one facility in the District, provided that the provisions of subparagraphs (A) through (C) are met. For the purpose of this paragraph, the residency time of twelve months shall commence either when an engine is brought into the facility and placed into operation or removed from storage and placed into operation. The equipment owner or operator shall designate dedicated storage areas within the facility and demonstrate compliance with the residency time requirement by keeping records that show the equipment location and operation history. Such records shall be kept on site for at least two years and made available to the Executive Officer upon request.

(A) Emissions from the engine, by itself, do not cause an exceedance of any ambient air quality standard;

(B) Emissions from the engine do not exceed the following limits:

Volatile Organic Compounds (VOC)	55 pounds per day
Nitrogen Oxides (NO _x)	55 pounds per day
Sulfur Oxides (SO _x)	150 pounds per day
Particulate Matter (PM ₁₀)	150 pounds per day
Carbon Monoxide (CO)	550 pounds per day

(C) For an engine located in the SEDAB the following limits shall apply:

Volatile Organic Compounds (VOC)	75 pounds per day
Nitrogen Oxides (NO _x)	100 pounds per day
Sulfur Oxides (SO _x)	150 pounds per day
Particulate Matter (PM ₁₀)	150 pounds per day
Carbon Monoxide (CO)	550 pounds per day

(b) Intra-Facility Portable Equipment

(1) Upon approval by the Executive Officer or designee, using the criteria set forth below, internal combustion engines and gas turbines which must be periodically moved within a facility because of the nature of their operation shall be exempt from the allowable change in air quality concentration requirements as stated in Rule 1303 paragraph (b)(1), provided that all of the following conditions are met:

(A) The engine or turbine is used:

- (i) to remediate soil or groundwater contamination as required by federal, state, or local law or by a judicial or administrative order; or
- (ii) for flight-line operations.

(B) The engine or turbine is not periodically moved solely for the purpose of qualifying for this exemption.

(C) Emissions from the engine, by itself, do not cause an exceedance of any ambient air quality standard.

(D) Emissions from the engine do not exceed the following limits:

Volatile Organic Compounds(VOC)	55 pounds per day
Nitrogen Oxides (NO _x)	55 pounds per day
Sulfur Oxides (SO _x)	150 pounds per day

Particulate Matter (PM ₁₀)	150 pounds per day
Carbon Monoxide (CO)	550 pounds per day

(E) For an engine located in the SEDAB the following limits shall apply:

Volatile Organic Compounds (VOC)	75 pounds per day
Nitrogen Oxides (NO _x)	100 pounds per day
Sulfur Oxides (SO _x)	150 pounds per day
Particulate Matter (PM ₁₀)	150 pounds per day
Carbon Monoxide (CO)	550 pounds per day

(2) For the purpose of clause (b)(1)(A)(ii), flight-line operations mean operations for the ground support of military and commercial aircraft, and includes, but is not limited to, the operation of power-generating internal combustion engines and gas turbines used to support aircraft systems or start up aircraft power plants.

(c) Offset Exemptions

Upon approval by the Executive Officer or designee, an exemption from the offset requirement of Rule 1303(b)(2) shall be allowed, for the following sources.

(1) Relocations

The source is a relocation of an existing source within the District, under the same operator and ownership, and provided that the potential to emit of any air contaminant will not be greater at the new location than at the previous location when the source is operated at the same conditions and as if current BACT were applied. The relocation shall also meet either the location requirements specified in Rule 1303(b)(3), or the applicant must demonstrate to the Executive Officer or designee a net air quality benefit in the area to which the facility will locate.

In addition, the potential to emit of the combined facility for any air contaminant after the relocation shall be less than the amounts in Table A of Rule 1304 (d) whenever either the relocating facility or existing facility received the facility offset exemption pursuant to Rule 1304(d).

(2) Concurrent Facility Modification

The source is part of a concurrent facility modification with emission reductions occurring after the submittal of an application for a permit to construct a new or modified source, but before the start of operation of the

source, provided that it results in a net emission decrease, as determined by Rule 1306, and that the same emission reductions are not:

- (A) required by a Control Measure of the AQMP which has been assigned a target implementation date; or
 - (B) required by a proposed District rule for which the first public workshop to consider such a rule has been conducted. This exclusion shall remain in effect for 12 months from the date of the workshop, or until the Executive Officer or designee determines that the proposed rule is abandoned; or
 - (C) required by an adopted federal, State, or District rule, regulation or statute; or
 - (D) from a category or class of equipment included in a demonstration program required by a District rule or regulation.
- (3) Resource Recovery and Energy Conservation Projects
The source is a cogeneration technology project, resource recovery project or qualifying facility, as defined in Health and Safety Code Sections 39019.5, 39019.6, 39047.5 and 39050.5, to the extent required by state law, including Health and Safety Code Sections 42314, 42314.1, 42314.5, 41605, and 41605.5. In no case shall these sections provide an exemption from federal law.
- (4) Regulatory Compliance
The source is installed or modified solely to comply with District, state, or federal air pollution control laws, rules, regulations or orders, as approved by the Executive Officer or designee, and provided there is no increase in maximum rating.
- (5) Regulatory Compliance for Essential Public Services
The source is installed or modified at an Essential Public Service solely to comply with District, state, or federal pollution control laws, rules, regulations or orders, and verification of such is provided to the Executive Officer or designee; and sufficient offsets are not available in the Priority Reserve.
- (6) Replacement of Ozone Depleting Compounds (ODCs)
The source is installed or modified exclusively for the replacement of ODCs, provided the replacement is performed in accordance with the

District's ODC Replacement Guidelines. The Executive Officer or designee shall publish and update, as required, such guidelines indicating the administrative procedures and requirements for the replacement of ODCs. The ODC Replacement Guidelines shall ensure to the extent possible that:

- (A) the replacements minimize emission increases of VOC, or optimize such emission increases if there is a potential conflict with the requirements of subparagraphs (B), (C) or (D);
 - (B) the replacements are not toxic, as determined and published by the California Air Resources Board (ARB) or the federal EPA, unless no other alternatives are available;
 - (C) the replacements do not increase the emissions of other criteria pollutants or global warming compounds; and
 - (D) there are no adverse or irreversible water quality impacts through the use of such replacements.
- (7) Methyl Bromide Fumigation
Any equipment or tarpaulin enclosures installed or constructed exclusively for fumigation using methyl bromide.

(d) Facility Exemption

- (1) New Facility
 - (A) Any new facility that has a potential to emit less than the amounts in Table A shall be exempt from Rule 1303 (b)(2).
 - (B) Any new facility that has a potential to emit equal to or more than the amounts in Table A shall offset the total amount of emission increase pursuant to Rule 1303 (b)(2).
- (2) Modified Facility
 - (A) Any modified facility that has a post-modification potential to emit less than the amounts in Table A shall be exempt from Rule 1303 (b)(2).
 - (B) Any modified facility that has a post-modification potential to emit equal to or more than the amounts in Table A shall be required to obtain offsets for the corresponding emissions' increase, or the amount in excess of Table A figures if the pre-modification

potential to emit was less than the amounts in Table A in accordance with Rule 1303 (b)(2).

TABLE A

<u>Pollutant</u>	<u>Emissions in Tons per Year</u>
Volatile Organic Compounds (VOC)	4
Nitrogen Oxides (NO _x)	4
Sulfur Oxides (SO _x)	4
Particulate Matter (PM ₁₀)	4
Carbon Monoxide (CO)	29

- (3) Determination of emissions pursuant to Table A shall include emissions from permitted equipment excluding Rule 219 equipment not subject to NSR and shall also include emissions from all registered equipment except equipment registered pursuant to Rule 2100.
- (4) Emission Increases
Emission increases shall be determined pursuant to Rule 1306(b).
- (5) Two-Year Limit on New Facility Exemption
Any new facility with accumulated emission increases in excess of the amounts in Table A due to permit actions within any two-year period after the date of adoption of this rule shall offset the total emission increases during such period to zero.
- (e) Emission Reduction Credits Related to Positive NSR Balances
Facilities that previously provided Emission Reduction Credits for the purpose of complying with the requirement to offset positive NSR balances pursuant to Rule 1303(b)(2) after October 1, 1990 shall receive Emission Reduction Credits equal to the amount previously provided to offset their pre-modification positive NSR balance.

8/28/96

8-28-96

(Adopted Oct. 5, 1979)(Amended March 7, 1980)(Amended Sept. 10, 1982)
(Amended Dec. 3, 1982)(Amended July 12, 1985)(Amended August 1, 1986)
(Amended Sept. 5, 1986)(Amended June 28, 1990)(Amended May 3, 1991)
(Amended December 7, 1995)(Amended June 14, 1996)

RULE 1306. EMISSION CALCULATIONS

(a) General

This rule shall be used as the basis for calculating applicability of Regulation XIII as stated in Rule 1301(b) and Rule 1303. This rule shall also be the basis for calculating daily emission increases and decreases used for offset requirements and Emission Reduction Credits.

(b) Emission Increases

Emission increases for new sources and the new total emissions for modified sources shall be calculated, as approved by the Executive Officer or designee, (1) using calendar monthly emissions divided by 30 for determination of the required amount of offsets, and (2) on a pound per day basis for determination of BACT and modeling applicability, from permit conditions which directly limit the emissions or, when no such conditions are imposed, from:

- (1) the maximum rated capacity; and
- (2) the maximum daily or monthly hours of operation as applicable; and
- (3) the physical characteristics of the material processed.

(c) Emission Decreases

Emission decreases from sources which are modified or removed from service shall be the actual emissions reduced to the amount which would be actual if current BACT were applied. The emission amount shall be calculated from the following:

- (1) The sum of actual emissions, as determined from company records, shall include annual emissions declarations pursuant to Rule 301, or other data approved by the Executive Officer or designee, whichever is less, which have occurred each year during the two-year period immediately preceding the date of permit application, or other appropriate period determined by

the Executive Officer or designee to be representative of the source's cyclical operation, and consistent with federal requirements;

- (2) The sum of BACT adjusted annual emissions shall be divided by the total number of actual operation days in each of those two years or other approved period; and
- (3) The calculated amount from paragraphs (c)(1) and (c)(2) shall be multiplied by the usage factor appropriate to the use of the subject sources in each of the two years used for calculation, as follows:
 - 1.0 when operated 180 days or more,
 - 0.5 when operated 30 to 179 days, and
 - 0.0 when operated less than 30 days.
- (4) Daily emissions shall be determined for each year. The average value shall be calculated for those two years or other approved period.

The BACT adjustment shall not apply to facilities located in the SEDAB.

(d) Determination of Required Offsets and BACT Applicability

This subdivision shall be used for determining the amount of required offsets pursuant to Rule 1303(b)(2), and BACT applicability pursuant to Rule 1303(a).

- (1) New Equipment Requiring a Permit (No Previous Permit).
Emissions are calculated pursuant to Rule 1306(b).
- (2) Modification of Existing Source.
Net emissions increase after the modification shall be calculated pursuant to Rule 1306(b) which is the post-modification potential to emit minus either:
 - (A) the permitted or allowable pre-modification potential to emit; or
 - (B) the actual emissions calculated pursuant to Rule 1306(c)(1) if the source was never subject to Rule 213 or Regulation XIII.

(e) Determination of Emission Reduction Credit

This paragraph shall be used for determining all Emission Reduction Credits.

- (1) All Modifications:
Emission credit shall be based upon the new potential to emit calculated pursuant to Rule 1306(b) minus the decrease calculated pursuant to Rule 1306(c).

- (2) All Shutdowns:
Emission credit shall be based upon the decrease calculated pursuant to Rule 1306(c).
- (3) The ERC shall equal the emission credit at the facility determined pursuant to paragraphs (e)(1) or (e)(2) minus the following:
 - (A) The NSR balance of the facility. The NSR balance must be zero for any ERC to be granted;
 - (B) All Community Bank allocations;
 - (C) All Priority Reserve allocations; and
 - (D) All offsets obtained pursuant to the exemption provisions of Rule 1304.
- (4) For the purpose of ERC determination in subparagraph (e)(3)(A) above, the NSR balance may be reduced from modifications and shutdowns by the amount of:
 - (A) the pre-modification potential to emit minus the post-modification potential to emit, for sources previously subject to Rule 213 or Regulation XIII; or
 - (B) the actual emissions calculated pursuant to Rule 1306(c) minus the post-modification potential to emit for sources never subject to Rule 213 or Regulation XIII.

For shutdowns, the post-modification potential to emit is zero.

(f) Air Pollution Controls

For the modification of any source installed prior to October 8, 1976, resulting from the addition of air pollution controls installed solely to reduce the issuance of air contaminants, emissions shall be calculated, for purposes of Rule 1303 determination only, from permit conditions which directly limit the emissions or, when no such conditions are imposed, from:

- (1) the maximum rated capacity; and
- (2) the maximum proposed daily hours of operation; and
- (3) the physical characteristics of the materials processed.

This subsection shall not be used to calculate an Emission Reduction Credit, which shall be determined by paragraphs (b), (c) and (e).

(g) Mobile Sources

The following mobile source emission increases or decreases directly associated with the subject sources shall be accumulated:

- (1) Emissions from in-plant vehicles; and
- (2) All emissions from ships during the loading or unloading of cargo and while at berth where the cargo is loaded or unloaded; and
- (3) Nonpropulsion ship emissions within Coastal Waters under District jurisdiction.

(h) PM₁₀ Emissions

The PM₁₀ emissions from an existing facility shall be calculated from the Total Suspended Particulate (TSP) emission increases and decreases which have occurred since October 8, 1976, using PM₁₀ emission factors provided in the most recent AQMD California Environmental Quality Act (CEQA) Air Quality Handbook or as approved by the Executive Officer or designee.

8/28/96

(Adopted Sept. 10, 1982)(Amended Dec. 3, 1982)(Amended July 12, 1985)
(Amended June 28, 1990)(Amended May 3, 1991)(Amended August 13, 1993)
(Amended December 7, 1995)

RULE 1309. EMISSION REDUCTION CREDITS

This rule addresses the application, eligibility, registration, use, and transfer of Emission Reduction Credits (ERCs). These credits shall be used as offsets for emission increases at new or modified facilities that are subject to Rule 1303(b)(2).

(a) Validation of Existing, Qualifying Net Emission Decreases

(1) Existing NSR Balances

Facilities which according to District records have a net emission decrease since October 8, 1976, shall receive ERCs after the net emission decrease has been discounted by 80 percent and verified by the Executive Officer or designee. Upon validation, an ERC shall be registered in the Register of Titles as a current ERC.

(2) Existing ERCs

Any ERC based on an application which was deemed complete prior to September 28, 1990, resulting from the additional control of air contaminants through process changes or the installation of air pollution control equipment, unless included as an AQMP measure at the time, shall not be discounted. All other ERCs shall be discounted by 80 percent and reissued.

(b) Application for an ERC for a New Emission Reduction

In order to obtain an ERC, an application made in the form and along with supporting data and documents required by the Executive Officer or designee shall be submitted for each existing source that is to be modified or permanently taken out of service. The application shall be submitted no more than 90 days after the emission reduction occurs.

- (1) The Executive Officer or designee shall not deem an ERC application complete nor process such application unless and until the ERC applicant supplies supporting data and documents to the District, including but not limited to:

- (A) the amount and type of emissions;
 - (B) the date on which the emission reduction took place or is planned to take place;
 - (C) the Regulation XIII zone from which the ERC is to originate;
 - (D) the reason for the emission reduction, such as a process change, addition of control equipment, or equipment or facility shutdown; and
 - (E) surrender of applicable District operating permits whenever emission reductions are the result of either equipment or facility shutdown.
- (2) The Executive Officer or designee shall notify the ERC applicant in writing within 30 calendar days of the receipt of the ERC application whether the application contains sufficient information to be deemed complete. Upon receipt of any additional information, a new 30-day period will begin, during which time the Executive Officer or designee shall determine and notify the applicant whether the application is complete. An application which continues to be deemed incomplete 180 days after the date of the first submittal shall be cancelled by the Executive Officer or designee. A determination of incompleteness may be appealed to the District Hearing Board.
- (3) Preliminary Decision
No later than 180 days after the application for an ERC is deemed complete, a preliminary written decision shall be given that all, part, or none of the emission reductions can be registered as an ERC.
- (4) Emission Reduction Eligibility Requirements
All Emission Reduction Credits shall be calculated pursuant to Rule 1306 and be subject to the approval of the Executive Officer or designee. The Executive Officer or designee shall consider reductions of air contaminants resulting from removal of equipment from service, and the additional control of mobile and stationary sources. The applicant must demonstrate to the Executive Officer or designee that all stationary and mobile source reductions are:
- (A) real;
 - (B) quantifiable;
 - (C) permanent;
 - (D) federally enforceable, and
 - (E) not greater than the equipment would have achieved if operating with current Best Available Control Technology (BACT).

Reductions in emissions due to changes in the hours of operation shall not qualify for an ERC.

The BACT adjustment shall not apply to facilities located in the SEDAB.

(5) Evaluation

In evaluating the applications for ERC submitted pursuant to this regulation, the Executive Officer or designee shall consider emission reductions only if before a complete application is submitted, the same emission reductions from the same equipment type as those proposed by the applicant are not:

- (A) required by a Control Measure in the AQMP which has been assigned a target implementation date; or
- (B) required by a proposed District rule for which the first public workshop to consider such a rule has been conducted. This exclusion shall remain in effect for 12 months from the date of such workshop, or until the Executive Officer or designee determines that the proposed rule is abandoned or the provisions of subparagraph (5)(C) become effective; or
- (C) required by an adopted federal, State, or District rule, regulation, or statute; or
- (D) from a category or class of equipment included in a demonstration program required by a District rule or regulation.

(c) Registration of ERCs

Upon the Executive Officer's or designee's final determination to grant an ERC, the title to the ERC shall be registered in the Register of Title. All information concerning the title, interests, pertinent dates and other matters shall be registered, until the Certificate of Title is canceled or nullified by operation of law.

(d) Use of ERCs

ERCs may be used by the owner to offset emission increases due to new or modified sources of air pollution and to the extent allowed by federal law. An ERC shall qualify as an offset upon surrender of the Certificate to the District. Such ERC shall be used in a manner consistent with the Certificate record and in accordance with all other

requirements of this regulation at the time of use, including the applicable offset ratio, determined pursuant to Rule 1303.

(e) Transfer of ERCs by Registered Owner

Transfer of the whole or any portion of an interest in a registered ERC is allowed, provided it is in writing, accompanied by the sale price of such ERCs, in dollars per pound, signed by the transferor, and acknowledged in any form authorized by law. Upon filing such instrument with the District, the transfer shall be complete and the title so transferred shall vest in the transferee. A new Certificate, certifying the title to the estate or interest in the ERC, shall be issued and the last previous original Certificate shall be cancelled. Such cancellation shall be recorded in the Register.

(f) Mobile Source Credit

Emission Reduction Credits shall be granted for emission reductions from the control of mobile sources pursuant to Regulation XVI rules.

(1) ERCs may be issued based on emission reductions which comply with all requirements of any Regulation XVI rule.

(2) Limitations

(A) The Executive Officer or designee will approve plans for scrapping vehicles pursuant to Rule 1610, for no more than 30,000 vehicles per year.

(B) Any permit to construct or operate a new or modified permit unit based upon ERCs obtained through the provisions of a Regulation XVI rule shall expire within the period for which the ERCs are issued, unless further emission offsets equal to or greater than such ERCs are obtained, or the subject permit unit's potential to emit is reduced to the extent that the ERCs granted pursuant to this paragraph would no longer be necessary.

(C) Pursuant to Rule 504, no variance or series of variances, including emergency granting of a variance, from a permit condition implementing a Regulation XIII offset requirement

shall be granted if such permit condition is based upon the use of MSERCs.

(g) Interpollutant Offsets

The Executive Officer or designee may approve interpollutant offsets on a case-by-case basis, provided that the trade results in an equivalent or greater offset of the new, modified, or relocated source's nonattainment pollutants; and that the applicant demonstrates, to the satisfaction of the Executive Officer or designee, that the emissions from the new or modified source will not cause or significantly contribute to the violation of an ambient air quality standard as specified in Table A-2.

Interpollutant trades between PM₁₀ and PM₁₀ precursors may be allowed. PM₁₀ emissions shall not be allowed to offset NO_x or ROG emissions in ozone nonattainment areas. All interpollutant trading shall be subject to EPA's review and approval.

(h) Inter-Basin and Inter-District Offsets

- (1) Offsets between different stationary sources located in different air control districts shall be allowed so long as the air districts are in the same air basin.
- (2) Offsets between different stationary sources located in different air basins shall be allowed only when:
 - (A) The stationary source to which the emission reductions are credited is located in an upwind district that is classified as being in a worse nonattainment status than the downwind district pursuant to Chapter 10 of the Health and Safety Code commencing with Section 40910; and
 - (B) The stationary source at which there are emission increases to be offset is located in a downwind district that is overwhelmingly impacted by emissions transported from the upwind district, as determined by the state board pursuant to Health and Safety Code Section 39610.
- (3) Any offset transaction credited pursuant to paragraphs (h)(1) and (h)(2) above shall be approved by resolution adopted by the Governing Board of the upwind district and the Governing Board of the downwind district. The adopting resolution shall consider the impact of the offset on air quality, public health, and the regional economy.

(Adopted June 28, 1990)(Amended May 3, 1991)(Amended December 7, 1995)
(Amended April 20, 2001)(Amended November 9, 2001)(Amended May 3, 2002)

RULE 1309.1 - PRIORITY RESERVE

(a) Priority Reserve

A Priority Reserve is established to provide credits for specific priority sources. The funding of the Priority Reserve shall be made quarterly on March 31, June 30, September 30, and December 31 or other schedule deemed practicable by the Executive Officer or designee. The amount of this allocation shall not exceed the following amounts:

<u>Air Contaminant</u>	<u>Quarterly Allocation (lbs per day)</u>
Reactive Organic Gases (ROG)	500
Nitrogen Oxides (NOx)	250
Sulfur Dioxide (SOx)	60
Particulate Matter (PM10)	125
Carbon Monoxide (CO)	250

Notwithstanding the above, the Executive Officer shall transfer on a one-time basis by January 1, 2002, the following to the Priority Reserve for use exclusively by Electric Generating Facilities, and return any unused portion of this allocation as of December 31, 2003, to the District's NSR account.

Sulfur Dioxide (SOx)	750 lbs/day
Carbon Monoxide (CO)	6,000 lbs/day

The following priority sources will be qualified to draw from a pool of credits established every quarter.

(1) Innovative Technology

Is innovative equipment or a process which:

- (A) the applicant demonstrates will result in a significantly lower emission rate from the affected source than would have occurred with the use of BACT; and

(B) can be expected to serve as a model for emission reduction technology.

(2) Research Operations

Is an experimental research operation for which:

(A) the purpose of the operation is to permit investigation, experiment or research to advance the state of knowledge or the state-of-the-art; and

(B) a specific time limit is imposed by the Executive Officer or designee, in no case exceeding two years.

(3) Essential Public Service

Is used to provide essential public service, provided the applicant:

(A) has provided all required offsets available by modifying sources to Best Available Retrofit Control Technology (BARCT) levels at the same facility; or

(B) demonstrates to the satisfaction of the Executive Officer or designee that the applicant owns or operates no sources within the facility which could be modified to BARCT levels to provide offsets.

For equipment not subject to any Regulation XI rule, application(s) for modifications providing offsets to satisfy subparagraph (A) of this section shall accompany the application(s) for the new source(s). For purposes of this section only, BARCT, as defined in the California Health and Safety Code Section 40406, shall not exceed any applicable District BACT cost guidelines and shall be determined as of the date that the application is deemed complete.

(4) Electrical Generating Facility (EGF)

Is a facility that generates electricity for its own use and is less than 10 Megawatts (MW); or is a facility less than 50 MegaWatts (MW) that generates not less than 30% of its electricity to pump water to maintain the integrity of the surface elevation of a municipality or significant portion thereof; or is a facility that generates electricity for distribution in the state grid system (net generator); such facility having submitted a complete application for certification to the California Energy Commission or permit to construct application during calendar years 2000, 2001, 2002, or

2003 directly related to the production of electricity, and provided the facility:

- (A) meets BARCT for pollutants received from the Priority Reserve for all existing sources prior to the operation of the new source(s) or at a schedule approved by the Executive Officer and no later than 3 years following the issuance of a permit to construct the new source(s); and all sources under common ownership within the District are in compliance with all applicable District rules, variances, orders, and settlement agreements; and
- (B) pays a non-refundable mitigation fee of the following amounts for each pound per day of each pollutant obtained from the Priority Reserve:

PM-10	\$25,000
SO _x	\$8,900
CO	\$12,000 ; and

- (C) conducts a due diligence effort (limited to costs not to exceed the mitigation fee for that pollutant) approved by the Executive Officer or designee to secure available ERCs for requested Priority Reserve pollutants. Such efforts shall include securing available ERCs including those available through state emissions banks or creating ERCs through SIP approved credit generation programs as available; and
- (D) has the new source(s) fully and legally operational at the rated capacity within 3 years following issuance of a Permit to Construct or California Energy Commission certification, whichever is later, subject to an extension by the Executive Officer consistent with SCAQMD Rule 205; and
- (E) enters into long-term (at least one year) contract with the State of California to sell at least 50% of the portion of the power which it has generated using the Priority Reserve credits and provided the Executive Officer determines at the time of permitting, and based on consultation with State power agencies, that the state of California is entering into such long-term contracts and that a need for such contracts exists at the time of permitting, if the facility is a

net generator (this subsection does not apply to municipal utilities or joint power authorities).

- (5) The following provisions shall apply to the Priority Reserve:
- (A) Access to Priority Reserve Credits, except for those exclusively reserved for EGFs, shall be prioritized based on qualifying as an Essential Public Service or EGF and then, on the earliest date that an application is deemed complete.
 - (B) Each facility shall maintain a balance of total Priority Reserve Credits obtained.
 - (C) Essential Public Services may, at the discretion of the Executive Officer or designee, reserve Priority Reserve Offsets for up to three years to allow multiyear projects to be planned. The sum of such reservations shall amount to no more than 25 percent of the Priority Reserve allocation for those three years.
 - (D) The AQMD Governing Board may determine that a specific project shall be given priority for access to the priority reserve based on public health or safety regardless of date of application submitted.
 - (E) If a subject facility holds an Emission Reduction Credit (ERC), then that ERC must be used before access to the Priority Reserve is allowed.
 - (F) Allocations from the Priority Reserve shall not be banked or transferred.
 - (G) An aggregate total of 400 pounds per day for PM-10 shall be exclusively reserved for use by essential public services for calendar years 2001, 2002, and 2003.
 - (H) Offset credits obtained from the Priority Reserve by an EGF may not exceed the allowable emissions level of the newly permitted unit(s).
 - (I) The total amount of SO_x and CO credits that may be issued by the Executive Officer to EGFs from the Priority Reserve shall not exceed 750 lbs/day of SO_x and 6,000 lbs/day of CO.
 - (J) The Executive Officer shall monitor the PM-10 balance in the Priority Reserve and in the event the balance is less than 500 pounds per day the Executive Officer may transfer up to 1,500

pounds per day of PM-10 to the Priority Reserve. This transfer shall be done at a public meeting.

- (b) **Suspension of Health & Safety Code Section 42314.3**
Pursuant to subsection (i) of Section 42314.3 of the Health & Safety Code, the District Board hereby suspends the applicability of Section 42314.3, since it determines that this rule makes adequate offsets available at a reasonable price to EGFs.

- (c) **Additional Requirements for Net Generators Accessing Priority Reserve Credits**
Any net generator accessing Priority Reserve Credits shall comply with all terms and conditions in any Executive Officer order, whether expired or not, relating to the generator's access of Priority Reserve credits, whether such credits are used or not.

8/25/26

(Adopted October 5, 1979)(Amended September 10, 1982)(Amended July 12, 1985)
(Amended August 1, 1986)(Amended June 28, 1990)
(Amended December 7, 1995)

RULE 1310. ANALYSIS AND REPORTING

(a) **Completeness of Application**

The Executive Officer or designee shall determine whether or not the application is complete and shall notify the applicant in writing not later than 30 calendar days after receipt of the application, or after such longer time as both the applicant and the Executive Officer or designee may agree. If the application is determined to be incomplete, the determination shall specify which parts of the application are incomplete and how they can be made complete. Upon receipt by the Executive Officer or designee of any resubmittal of the application, a new 30-day period, in which the Executive Officer or designee must determine completeness, shall begin. Completeness of an application or resubmitted application shall be evaluated on the basis of the guidelines for such, published by the Executive Officer or designee.

(b) **Reporting and Rule Modifications**

By February 1997, and annually thereafter, the Executive Officer or designee shall report to the District Governing Board regarding the effectiveness of Regulation XIII in meeting the state and federal NSR requirements.

(c) **Requirements for Public Notice**

For those sources requesting emission reduction credits in excess of the amounts specified below:

<u>Air Contaminant</u>	<u>Daily Maximum in Lbs Per Day</u>
Volatile Organic Compounds (VOC)	30
Nitrogen Oxides (NO _x)	40
Particulate Matter (PM ₁₀)	30
Sulfur Dioxide (SO _x)	60
Carbon Monoxide (CO)	220

following acceptance of an application as complete, the Executive Officer or designee shall:

- (1) Perform the evaluations required to determine compliance with this regulation and make a preliminary written decision, as appropriate, as to

whether or not an ERC should be approved or disapproved. The decision shall be supported by a succinct written analysis; and

- (2) Within ten calendar days following such decision, publish a notice by prominent advertisement in at least one newspaper of general circulation in the District stating the preliminary decision of the Executive Officer or designee and where the public may inspect the information required to be made available under paragraph (c)(3). The notice shall provide 30 days from the date of publication for the public to submit written comments on the preliminary decision; and
- (3) At the time notice of the preliminary decision is published, make available for public inspection at the District office the information submitted by the applicant, the supporting analysis for the preliminary decision, and the preliminary decision to grant or deny an ERC and the reasons therefore. The confidentiality of trade secrets shall be considered in accordance with Section 6254.7 of the Government Code.

8/25/96

(Adopted October 5, 1979)(Amended March 7, 1980)(Amended September 10, 1982)
(Amended July 12, 1985)(Amended June 28, 1990)(Amended December 7, 1995)

RULE 1313. PERMITS TO OPERATE

(a) Change of Operator

The Executive Officer or designee shall exempt from the provisions of this rule any facility which is a continuing operation, without modification or change in operating conditions, when a permit to operate is required solely because of permit renewal, change in operator, or a change in Rule 219 (Equipment Not Requiring a Permit).

(b) No Permit to Construct Issued

For new or modified sources or facilities which are constructed without the required Permit to Construct, the application for a Permit to Operate shall, for the purpose of this rule, be considered an application for a Permit to Construct. The Executive Officer or designee shall deny the Permit to Operate unless the new or modified facility complies with all provisions of Regulation XIII. All offsets must be obtained within 90 days after notice from the Executive Officer or designee that offsets are required.

(c) Additional Offsets

The Permit to Operate shall be denied if it is determined that actual emissions are greater than previously calculated when the Permit to Construct was issued, unless additional offsets are obtained within 90 days after notice from the Executive Officer or designee that offsets are required to mitigate the increase.

(d) Start-Up

For a new source or modification which will be a replacement, in whole or part, for an existing source on the same or contiguous property, a maximum of 90 days may be allowed as a start-up period for simultaneous operation of the subject sources.

(e) Permit Conditions

The Executive Officer or designee shall require as a condition for the issuance of any Permit to Operate for a new or modified facility, that the facility and any offset facility be operated consistent with any conditions imposed on their respective Permit to Construct.

- (f) Major Facility Permit Condition Limitation Relaxation
Any major source that has taken a permit condition limiting a source's mass emissions in order to avoid NSR since August 1980 shall be subject to provisions of Regulation XIII if such permit condition is removed or relaxed in any way.
- (g) Emission Limitation Permit Conditions
Every permit shall have the following conditions:
 - (1) Identified BACT conditions;
 - (2) Monthly maximum emissions from the permitted source.

3/2/11

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

(Adopted September 8, 2006)(Re-Adopted August 3, 2007)
(Repealed January 8, 2010)(Adopted February 4, 2011)

RULE 1315. FEDERAL NEW SOURCE REVIEW TRACKING SYSTEM

(a) Purpose

The purpose of this rule is to:

- (1) Maintain the District's ability to continue through December 31, 2030 to issue permits to major sources that obtain offset credits from the Priority Reserve under Rule 1309.1 and/or that are exempt from offsets under Rule 1304;
- (2) Memorialize in rule form the procedures to be followed by the Executive Officer for:
 - (A) Establishing the District's NSR program equivalency with federal NSR offset requirements for such major sources; and
 - (B) Demonstrating that sufficient emission reductions, including previously-untracked emission reductions, existed beyond regulatory requirements under federal law to be used as offset credits to establish that the District's NSR program is equivalent with federal NSR offset requirements for major sources that are exempt from offsets under Rule 1304 or obtain offset credits from the Priority Reserve under Rule 1309.1.

(b) Definitions

- (1) **COMMUNITY BANK** means the Community Bank as established by Rule 1309.1 – Community Bank, as adopted June 28, 1990 and by Rule 1309.1 – Community Bank And Priority Reserve, as amended May 3, 1991, and became unavailable to applications deemed complete after the December 7, 1995 amendments to Rule 1309.1 – Priority Reserve, which eliminated the Community Bank.
- ~~(2) **NET EMISSION INCREASE** means the aggregate increase in potential to emit from permitted major and minor stationary sources of a nonattainment air contaminant subject to tracking pursuant to paragraph (c)(2) of this rule that are offset from the Priority Reserve or exempt from offsets pursuant to Rule 1304 minus the aggregate emissions reductions of~~

~~the same nonattainment air contaminant tracked pursuant to paragraph (e)(3) of this rule over the same time period.~~

- (3) OFFSET RATIO means the ratio of the quantity of offset credits provided (in pounds per day) to the increase in potential emissions (in pounds per day) requiring offsets.
 - (4) ORPHAN REDUCTION means any reduction in actual emissions from a permitted source within the District resulting from a physical change to the source and/or a change to the method of operation of the source provided the change is reflected in a revised permit for the source and provided such reduction is not otherwise required by rule, regulation, law, approved Air Quality Management Plan Control Measure, or the State Implementation Plan and does not result in issuance of an ERC.
 - (5) ORPHAN SHUTDOWN means any reduction in actual emissions from a permitted source within the District resulting from removal of the source from service and inactivation of the permit without subsequent reinstatement of such permit provided such reduction is not otherwise required by rule, regulation, law, approved Air Quality Management Plan Control Measure, or the State Implementation Plan and does not result in issuance of an ERC.
 - (6) PRIORITY RESERVE means the Priority Reserve as established by the June 28, 1990 adoption of Rule 1309.1 – Community Bank and as amended by the May 3, 1991 amendments to Rule 1309.1 – Community Bank and Priority Reserve and by the December 7, 1995 and subsequent amendments to Rule 1309.1 – Priority Reserve.
 - (7) SHORTFALL means a negative net balance in any of the District offset accounts described in paragraph (c)(1) of this rule as demonstrated through an FDE prepared pursuant to paragraph (d)(3) of this rule or projected pursuant to subdivision (e) of this rule.
- (c) Offset Accounts for Federal NSR Equivalency
- (1) District Offset Accounts for Federal Nonattainment Air Contaminants
The Executive Officer shall maintain a separate District offset account for each federal nonattainment air contaminant excluding PM2.5. The District offset accounts were established as of October 1, 1990 with valid emission reductions that had occurred prior to that date, as reflected in various facilities' negative NSR account balances and that were

aggregated as the initial account balances listed in Table A for each nonattainment air contaminant. Any portions of the initial account balances identified in Table A remaining in the District offset accounts at the end of calendar year 2005 were removed from the District offset accounts as an environmental benefit by the Executive Officer and are not used for purposes of demonstrating equivalency between federal NSR offset requirements and the District's NSR program. Additional District offset accounts are to be established by the Executive Officer in the event that additional federal nonattainment air contaminants other than PM2.5 or their precursors become subject to federal nonattainment NSR offset requirements, unless by rule the District establishes that Rule 1304 and Rule 1309.1 do not apply to such contaminants or their precursors. If the United States Environmental Protection Agency (EPA) re-designates the District's attainment status from nonattainment to attainment for a specific air contaminant the Executive Officer may discontinue tracking and reporting the associated District offset account for that air contaminant provided there is a showing in the maintenance plan that the continued use of emissions offsets for that air contaminant is not necessary to maintain attainment for that air contaminant. The District's NSR program shall be considered equivalent to federal nonattainment NSR offset requirements for a nonattainment air contaminant so long as the procedures specified in this rule are followed and the balance in the District offset account for that air contaminant remains positive.

TABLE A
Initial District Offset Account Balances

Air Contaminant	Initial Account Balance (tons per day)
Volatile Organic Compounds (VOC)	38.46
Nitrogen Oxides (NOx)	23.92
Sulfur Oxides (SOx)	8.04
Carbon Monoxide (CO)	8.45
Particulate Matter (PM10)	2.67

(2) Tracking of Offset Account Debits for Federal NSR Equivalency

The Executive Officer shall track the amount of emissions and debit from the District offset accounts for the following types of offset allocations or exemptions provided from the District offset accounts for sources located at major polluting facilities and that are not exempt from the offset requirements of federal nonattainment NSR:

- (A) Emission offsets from the Priority Reserve or Community Bank pursuant to Rule 1309.1; and
- (B) Exemptions from the offset requirements of Rule 1303 – Requirements pursuant to Rule 1304 – Exemptions.

The applicable offset ratios for offsets tracked by the Executive Officer pursuant to this paragraph is 1.2-to-1.0 for extreme nonattainment air contaminants and their precursors and is 1.0-to-1.0 for all other nonattainment air contaminants.

(3) Tracking of Offset Account Credits for Federal NSR Equivalency

(A) The Executive Officer shall track and verify the amount of the following types of emission reductions that have occurred since October 1, 1990 to the District offset accounts:

- (i) Orphan shutdowns;
- (ii) Orphan reductions;
- (iii) ERCs provided as emission offsets for sources located at minor facilities;
- (iv) The difference between the quantity of ERCs provided for a source located at a major polluting facility at a 1.2-to-1.0 offset ratio pursuant to Rule 1303(b)(2)(A) and the quantity of ERCs required to offset the emission increases at a ratio of 1.0-to-1.0 for all non-attainment air contaminants except extreme nonattainment air contaminants and their precursors.
- (v) The amount of emission reductions associated with a facility's NSR balance, Community Bank and Priority Reserve allocations, and offset exemptions that is subtracted from the emission reductions quantified pursuant to Rule 1306(c) as part of the Executive Officer's evaluation of an ERC banking application; and

- (vi) The difference between the actual daily emission reductions calculated pursuant to Rule 1306(c) with and without the BACT adjustment required in Rule 1306(c)(2) as part of the Executive Officer's evaluation of an ERC banking application. This clause applies only in cases where the Executive Officer demonstrates and EPA concurs that the subtracted amount is not otherwise required by rule, regulation, law, approved Air Quality Management Plan Control Measure, or the State Implementation Plan. This clause is not applicable to emission reductions that occur in the Riverside County portion of the Salton Sea Air Basin (SSAB) or the non-Palo Verde, Riverside County portion of the Mojave Desert Air Basin (MDAB).
 - (B) The Executive Officer shall quantify and deposit emission reductions that are tracked pursuant to subparagraph (c)(3)(A) of this rule into the District offset accounts according to the following procedures:
 - (i) From orphan sources tracked pursuant to clauses (c)(3)(A)(i) or (c)(3)(A)(ii) of this rule at eighty percent of the total or change in the source's NSR permitted emission levels, respectively; and
 - (ii) From ERCs tracked pursuant to clauses (c)(3)(A)(iii), (c)(3)(A)(iv), (c)(3)(A)(v), and (c)(3)(A)(vi) of this rule in the amounts specified pursuant to those clauses.
 - (C) The Executive Officer may choose not to track all potential sources of credits in any reporting period if the Executive Officer determines that sufficient credits remain in the District offset accounts to demonstrate equivalency in each reporting period.
- (4) **Surplus at the Time of Use**
- All credits deposited into the District offset accounts pursuant to clauses (c)(3)(A)(i), (c)(3)(A)(ii), and (c)(3)(A)(vi) of this rule shall be discounted by the Executive Officer to ensure that they remain surplus at the time of use. Such discounting shall be performed annually and shall be based on the percentage reduction in overall permitted emissions projected to be achieved as a result of implementation of control requirements that

became effective during the previous calendar year for each specific nonattainment air contaminant within the District.

(5) Tracking Sequence

The tracking elements described in paragraphs (c)(2) through (c)(4) of this rule shall be carried out separately for each District Offset Account in the following sequence for each reporting period as defined in paragraph (d)(1) of this rule:

- (A)** Apply the surplus at the time of use discount described in paragraph (c)(4) of this rule to the offsets tracked pursuant to subparagraph (c)(3)(A) of this rule remaining in the District Offset Account, if any;
- (B)** Subtract as much of the aggregate District Offset Account debits tracked and quantified pursuant to paragraph (c)(2) of this rule from the unused Table A initial balance remaining in the corresponding District Offset Account, if any, as possible without resulting in a negative District Offset Account balance;
- (C)** Subtract the aggregate District Offset Account debits tracked and quantified pursuant to paragraph (c)(2) of this rule remaining after conducting the subtraction specified in subparagraph (c)(5)(A) of this rule, if any, from the corresponding District Offset Account balance; and
- (D)** Add the emission reductions tracked pursuant to subparagraph (c)(3)(A) of this rule for the current reporting period to the corresponding District Offset Account Balance.

The PDE for each reporting period through the 2005 reporting period shall follow the tracking sequence identified in subparagraphs (c)(5)(A), (c)(5)(B), and (c)(5)(C) and the PDE for each reporting period commencing with the 2006 reporting period shall follow the tracking sequence identified in subparagraphs (c)(5)(A) and (c)(5)(C). The FDE for each reporting period shall be completed by adding the results of subparagraph (c)(5)(A) tracking to the PDE results for the same reporting period.

(6) Federal Offset Criteria

Offset account credits used to offset debits pursuant to Rule 1304 or Rule 1309.1, as specified in paragraph (c)(2), are real as specified in subparagraphs (c)(3)(A) and (c)(3)(B), surplus as specified in paragraphs

(b)(4), (b)(5), and (c)(4), permanent as specified in paragraphs (b)(4) and (b)(5) and subparagraph (c)(3)(A), quantifiable as specified in paragraphs (c)(1), (c)(3), (c)(4), and (c)(5), and enforceable as specified in paragraphs (b)(4), (b)(5), and (c)(3).

(d) Federal NSR Equivalency Determination Reports

(1) Reporting Periods

The Executive Officer shall aggregate and track offsets debited from and offsets deposited to the District offset accounts into the following reporting periods for purposes of making periodic determinations of equivalency:

- (A) October 1, 1990 through July 31, 1995;**
- (B) Each of the consecutive twelve-month periods commencing with August 1995 through July 1996 and concluding with August 2003 through July 2004;**
- (C) August 2004 through December 2005;**
- (D) Each calendar year from 2006 through 2009; and**
- (E) Each calendar year from 2010 through 2030.**

(2) Preliminary Determinations of Equivalency

Commencing with the calendar year 2010 reporting period, and for each reporting period thereafter, the Executive Officer shall, no later than twelve months after the completion of the reporting period, complete a Preliminary Determination of Equivalency (PDE) with federal nonattainment NSR offset requirements. The Executive Officer shall report the PDE to the District's Governing Board and EPA no later than the second regularly-scheduled monthly Governing Board meeting after the completion deadline for the PDE. The PDE is a conservative assessment of the District offset account balances without accounting for orphan and other credits that become available during the subject reporting period. Each PDE shall include the debit accounting elements identified in paragraph (c)(2) of this rule and the running balances in the District offset accounts at the beginning and at the end of the subject reporting period.

(3) Final Determinations of Equivalency

Commencing with the calendar year 2010 reporting period, and for each reporting period thereafter, the Executive Officer shall complete a Final

Determination of Equivalency (FDE) with federal nonattainment NSR offset requirements for each District Offset Account. The FDE for each account shall be completed no later than eighteen months after the completion of the subject reporting period. The Executive Officer shall report the FDE to the District's Governing Board and EPA no later than the second regularly-scheduled monthly Governing Board meeting after the completion deadline for the FDE for any account(s) for which the PDE did not demonstrate equivalence. Each FDE shall include both the debit and the credit accounting elements identified in paragraphs (c)(2) and (c)(3) of this rule, respectively, and the running balances in the District offset accounts at the beginning and at the end of the subject reporting period. The Executive Officer shall report the FDE for any account(s) for which the PDE did demonstrate equivalence no later than the reporting deadline for the subsequent reporting period's PDE specified in paragraph (d)(2) of this rule.

(4) Early FDE Subsuming PDE

In lieu of preparing both a PDE and an FDE for a single reporting period, the Executive Officer may opt to include the PDE in the FDE for the same reporting period. Such FDEs are subject to the same completion and reporting deadlines as are the PDEs that they subsume.

(e) Projections of District Offset Account Balances

Each PDE report and each FDE report the Executive Officer prepares and presents to the Governing Board and EPA shall also include projections of the District offset account balances at the end of each of the two subsequent reporting periods. The Executive Officer shall make the projections of the District offset account balances based upon the average of the total annual debits and the average of the total annual credits for the five reporting periods most recently included in a PDE or an FDE. Although these projections are to be reported with the results of the PDEs and FDEs, they are separate from the determinations of equivalency and do not constitute an element of the determinations of equivalency.

(f) Equivalency Backstop Provisions

(1) Funding of the Priority Reserve and Issuance of Permits

If the most recent District offset account balances determined by an FDE pursuant to paragraph (d)(3) of this rule demonstrate a shortfall for any air contaminant, the Executive Officer shall:

(A) Discontinue funding the Priority Reserve for any air contaminant that the most recent FDE has demonstrated does not have a positive balance in its District offset account no later than the completion deadline for the FDE specified in paragraph (d)(3) of this rule. The Executive Officer may resume funding the Priority Reserve upon completion of an FDE demonstrating that the shortfall no longer exists.

(B) Discontinue issuing permits to construct and permits to operate that are subject to paragraph (c)(2) Offset Account debits resulting in the further use of Rule 1304 exemptions or Priority Reserve offsets from Rule 1309.1 for the air contaminant that has a shortfall to sources that are major sources of that air contaminant commencing no later than the completion deadline for the FDE demonstrating the shortfall. Additionally, the Executive Officer shall place all major source applications that would otherwise qualify for an offset exemption pursuant to Rule 1304 or to access the Priority Reserve for the air contaminant that has a shortfall on hold until the results of an FDE demonstrating that the shortfall has been rectified have been reported to and approved by the Governing Board unless the applicant elects to provide sufficient ERCs to offset the emissions increase pursuant to Rule 1303(b)(2). The Executive Officer may resume issuance of such permits upon completion of an FDE demonstrating that the shortfall no longer exists.

(2) Report to the Governing Board: Rectification of a Shortfall

If an FDE demonstrates that a shortfall exists in any of the District offset accounts, or the most recent projected District offset balances calculated pursuant to subdivision (e) of this rule predict that such a shortfall will exist, the Executive Officer shall prepare a report to the Governing Board recommending appropriate action to rectify the shortfall. The Executive Officer shall present this report to the Governing Board no later than six

months after the paragraph (d)(2) or (d)(3) completion deadline for the PDE projecting or the FDE demonstrating or projecting the shortfall. The report shall either recommend implementing one or more of the following backstop provisions as needed to correct the shortfall or include an explanation of why it is not necessary to implement any of the following backstop provisions by making a demonstration that the District remains in compliance with federal nonattainment NSR offset requirements on an aggregate basis:

- (A) Provide additional credits to the District offset account(s) that have a shortfall within six months of the FDE that demonstrated the shortfall or the subdivision (e) projection that predicted it. The Executive Officer may obtain such credits by purchasing them, by funding emission reduction projects using quantification protocols approved by EPA, by applying BACT (federal LAER) in excess of federal requirements, or by other methods approved by EPA; and/or
- (B) Propose amendments to Rule 1304 and/or Rule 1309.1 to eliminate certain offset exemptions or to eliminate certain sources' eligibility to receive offsets from the Priority Reserve, respectively.

The report shall also include a proposed timeline for implementation of the actions it recommends.

~~(g) California Environmental Quality Act Backstop Provisions~~

~~(1) Net Emission Increases~~

~~(A) Emission Increases at Major and Minor Facilities~~

~~In addition to the tracking of offset account debits provided to sources at major polluting facilities pursuant to paragraph (e)(2) of this rule, the Executive Officer shall track all increases in potential to emit that occur at major and minor facilities pursuant to Rule 1304 or Rule 1309.1. Increases in potential to emit at minor facilities tracked pursuant to this paragraph shall not constitute debits from the District offset accounts.~~

~~(B) Calculation of Net Emission Increases~~

~~The Executive Officer shall calculate the cumulative net emission increase of each nonattainment air contaminant that is tracked pursuant to paragraphs (e)(2) and (e)(3) of this rule from [date of~~

~~adoption] through the end of the calendar year 2011 reporting period and through the end of each subsequent reporting period no later than the FDE completion deadline for each such reporting period specified in paragraph (d)(3) of this rule.~~

~~(C) Reporting Net Emission Increases~~

~~The Executive Officer's report to the Governing Board of each FDE commencing with the FDE for the calendar year 2011 reporting period shall include the cumulative net emission increases from [date of adoption] through the end of the reporting period analyzed by the FDE calculated pursuant to paragraph (d)(3) of this rule. In cases where, pursuant to paragraph (d)(3) of this rule, the Executive Officer reports the credit accounting elements identified in paragraph (e)(3) of this rule with the PDE for the subsequent reporting period, the Executive Officer shall also report the cumulative net emission increase(s) for the same air contaminant(s) with the PDE for the subsequent reporting period. Although net emission increases are to be reported with the results of the FDEs, they are separate from the FDEs and do not constitute an element of the FDEs.~~

~~(2) Projections of Cumulative Net Emission Increases~~

~~Each PDE report and each FDE report the Executive Officer prepares and presents to the Governing Board and EPA commencing with the reports analyzing the 2011 reporting period shall also include projections of the cumulative net emission increases at the end of each of the two subsequent reporting periods. The Executive Officer shall make the projections of the cumulative net emission increases from both major sources and minor sources based upon the average of the aggregate increase in potential to emit of each nonattainment air contaminant subject to tracking pursuant to paragraph (e)(2) of this rule and the average of the aggregate emissions reductions of the same nonattainment air contaminant for the five reporting periods most recently included in a PDE or an FDE or each of the reporting periods commencing with the 2011 reporting period, whichever is fewer reporting periods. Although these projections are to be reported with the results of the PDEs and FDEs, they are separate from the determinations of equivalency and do not constitute an element of the determinations of equivalency.~~

~~(3) Issuance of Permits~~

~~If the cumulative net emission increase of a nonattainment air contaminant, as tracked pursuant to subparagraph (g)(1)(B) of this rule and reported with an FDE pursuant to subparagraph (g)(1)(C) of this rule, exceeds the paragraph (g)(4) threshold or is projected pursuant to paragraph (g)(2) of this rule to exceed the paragraph (g)(4) threshold for that air contaminant, the Executive Officer shall discontinue issuing permits to construct and permits to operate that rely on further use of Rule 1304 exemptions or Rule 1309.1 Priority Reserve offsets for that air contaminant to major and minor sources of that air contaminant. Such permit issuance shall cease no later than the paragraph (d)(2) PDE completion deadline or the paragraph (d)(3) FDE completion deadline applicable to the PDE or FDE with which the paragraph (g)(4) threshold exceedance or projected exceedance will be reported to the Governing Board. The Executive Officer shall not resume issuing such permits unless and until the corresponding cumulative net emission increase returns to a level at least ten percent below the threshold for the year in which permitting is to resume, as shown in Table B.~~

~~(4) Cumulative Net Emission Increase Thresholds~~

~~The cumulative net emission increase thresholds based upon the growth assumptions in the 2007 AQMP for [date of adoption] through December of 2011 and each subsequent year through 2030 are presented in Table B.~~

TABLE B
Cumulative Net Emission Increase Thresholds
 (tons per day)

{date of adoption} through December of	VOC	NO_x	SO_x	PM10
2011	1.68	0.15	0.04	0.24
2012	2.80	0.25	0.06	0.40
2013	3.91	0.35	0.09	0.55
2014	5.03	0.45	0.11	0.71

{date of adoption} through December of	VOC	NO _x	SO _x	PM10
2015	6.30	0.53	0.14	0.90
2016	7.58	0.61	0.18	1.09
2017	8.85	0.68	0.21	1.29
2018	10.12	0.76	0.24	1.48
2019	11.39	0.84	0.27	1.67
2020	12.67	0.92	0.30	1.86
2021	13.94	1.00	0.33	2.05
2022	15.21	1.08	0.36	2.24
2023	16.48	1.15	0.39	2.43
2024	17.73	1.27	0.42	2.63
2025	18.98	1.39	0.45	2.83
2026	20.23	1.50	0.48	3.03
2027	21.49	1.62	0.51	3.23
2028	22.74	1.73	0.55	3.43
2029	23.99	1.85	0.58	3.63
2030	25.24	1.96	0.61	3.83

(h) ~~State Implementation Plan Submittals~~

~~The Executive Officer shall not submit paragraphs (b)(2) or subdivisions (g) and (h) of this rule to the California Air Resources Board or to EPA for inclusion in the California State Implementation Plan.~~

(i) Sunset Date for Permit Issuance

This rule shall expire on January 1, 2031.

(Adopted June 3, 2011)(Amended December 5, 2014)(Amended November 4, 2016)
(Amended January 4, 2019)

RULE 1325. FEDERAL PM_{2.5} NEW SOURCE REVIEW PROGRAM

(a) Applicability

This rule applies to any new major polluting facility, major modifications to a major polluting facility, and any modification to an existing facility that would constitute a major polluting facility in and of itself that will emit PM_{2.5} or its precursors, as defined herein; located in areas federally designated pursuant to Title 40 of the Code of Federal Regulations (40 CFR) 81.305 as non-attainment for PM_{2.5}.

With respect to major modifications, this rule applies on a pollutant-specific basis to emissions of PM_{2.5} and its precursors in areas federally-designated as nonattainment for PM_{2.5}, for which (1) the source is major, (2) the modification results in a significant increase, and (3) the modification results in a significant net emissions increase.

(b) Definitions

For the purposes of this rule, the definitions in Title 40 CFR 51.165(a)(1) shall apply, unless the same term is defined below, then the defined term below shall apply:

(1) **BASELINE ACTUAL EMISSIONS** means the rate of emissions, in tons per year, of a regulated NSR pollutant, as determined in accordance with the following:

(A) For any existing electric utility steam generating unit, baseline actual emissions means the average rate, in tons per year, at which the unit actually emitted the pollutant during any consecutive 24-month period selected by the owner or operator within the 5-year period immediately preceding when the owner or operator begins actual construction of the project. The Executive Officer shall allow the use of a different time period upon a determination that it is more representative of normal source operation.

(i) The average rate shall include fugitive emissions to the extent quantifiable, and emissions associated with startups, shutdowns, and malfunctions.

- (ii) The average rate shall be adjusted downward to exclude any non-compliant emissions that occurred while the source was operating above any emission limitation that was legally enforceable during the consecutive 24-month period.
 - (iii) For a regulated NSR pollutant, when a project involves multiple emissions units, only one consecutive 24-month period must be used to determine the baseline actual emissions for the emissions units being changed. A different consecutive 24-month period can be used for each regulated NSR pollutant.
 - (iv) The average rate shall not be based on any consecutive 24-month period for which there is inadequate information for determining annual emissions, in tons per year, and for adjusting this amount if required by clause (b)(1)(A)(ii) above.
- (B) For an existing emissions unit (other than an electric utility steam generating unit), baseline actual emissions means the average rate, in tons per year, at which the emissions unit actually emitted the pollutant during any consecutive 24-month period selected by the owner or operator within the 10-year period immediately preceding either the date the owner or operator begins actual construction of the project, or the date a complete permit application is received by the Executive Officer for a permit required under NSR or Prevention of Significant Deterioration (PSD), whichever is earlier, except that the 10-year period shall not include any period earlier than November 15, 1990.
- (i) The average rate shall include fugitive emissions to the extent quantifiable, and emissions associated with startups, shutdowns, and malfunctions.
 - (ii) The average rate shall be adjusted downward to exclude any non-compliant emissions that occurred while the source was operating above an emission limitation that was legally enforceable during the consecutive 24-month period.
 - (iii) The average rate shall be adjusted downward to exclude any emissions that would have exceeded an emission limitation with which the major polluting facility must currently

- comply, had such major polluting facility been required to comply with such limitations during the consecutive 24-month period.
- (iv) For a regulated NSR pollutant, when a project involves multiple emissions units, only one consecutive 24-month period must be used to determine the baseline actual emissions for all the emissions units being changed. A different consecutive 24-month period can be used for each regulated NSR pollutant.
 - (v) The average rate shall not be based on any consecutive 24-month period for which there is inadequate information for determining annual emissions, in tons per year, and for adjusting this amount if required by clauses (b)(1)(B)(ii) and (b)(1)(B)(iii) above.
- (C) For a new emissions unit, the baseline actual emissions for purposes of determining the emissions increase that will result from the construction and operation of such unit shall equal zero; and thereafter, for all other purposes, shall equal the unit's potential to emit.
 - (D) For a Plantwide Applicability Limitation (PAL) for a major polluting facility, the baseline actual emissions shall be calculated for existing electric utility steam generating units in accordance with the procedures contained in subparagraph (b)(1)(A), for other existing emissions units in accordance with the procedures contained in subparagraph (b)(1)(B), and for a new emissions unit in accordance with the procedures contained in subparagraph (b)(1)(C).
- (2) FACILITY means any source or group of sources or other air contaminant-emitting activities which are located on one or more contiguous properties within the District, in actual physical contact or separated solely by a public roadway or other public right-of-way, and are owned or operated by the same person (or by persons under common control), or an outer continental shelf (OCS) source as determined in 40 CFR 55.2. Such above-described groups, if noncontiguous, but connected only by land carrying a pipeline, shall not be considered one facility. Sources or installations involved in

crude oil and gas production in Southern California Coastal or OCS Waters and transport of such crude oil and gas in Southern California Coastal or OCS Waters shall be included in the same facility which is under the same ownership or use entitlement as the crude oil and gas production facility on-shore.

- (3) MAJOR MODIFICATION means:
- (A) Any physical change in or change in the method of operation of a major polluting facility that would result in: a significant emissions increase of a regulated NSR pollutant; and a significant net emissions increase of that pollutant from the major polluting facility.
 - (B) A physical change or change in the method of operation shall not include:
 - (i) Routine maintenance, repair, and replacement;
 - (ii) Use of an alternative fuel or raw material by reason of an order under section 2 (a) and (b) of the Energy Supply and Environmental Coordination Act of 1974 (or any superseding legislation) or by reason of a natural gas curtailment plan pursuant to the Federal Power Act;
 - (iii) Use of an alternative fuel by reason of an order or rule under section 125 of the Energy Supply and Environmental Coordination Act;
 - (iv) Use of an alternative fuel at a steam generating unit to the extent that the fuel is generated from municipal solid waste;
 - (v) Use of an alternative fuel or raw material by a polluting facility which:
 - (A) The source was capable of accommodating before January 6, 1975, unless such change would be prohibited under any federally enforceable permit condition which was established after January 6, 1975, pursuant to 40 CFR 52.21 or under regulations approved pursuant to 40 CFR subpart I or 40 CFR 51.166; or
 - (B) The source is approved to use under any permit issued under 40 CFR 51.165;

- (vi) An increase in the hours of operation or in the production rate, unless such change would be prohibited under any federally enforceable permit condition which was established after January 6, 1975 pursuant to 40 CFR 52.21 or under regulations approved pursuant to 40 CFR subpart I or 40 CFR 51.166;
 - (vii) Any change in ownership at a polluting facility.
- (C) This definition shall not apply with respect to a particular regulated NSR pollutant when the major polluting facility is complying with the requirements under subdivision (e) of this rule for a Plantwide Applicability Limit (PAL) for that pollutant. Instead, the definition in subparagraph (e)(2)(H) shall apply.
- (4) MAJOR POLLUTING FACILITY means, on a pollutant specific basis, any emissions source located in areas federally designated pursuant to 40 CFR 81.305 as non-attainment for PM_{2.5}, including the South Coast Air Basin (SOCAB) which has actual emissions of, or the potential to emit PM_{2.5}, or its precursors at or above 70 tons per year per pollutant. A facility is considered to be a major polluting facility only for the specific pollutant(s) with a potential to emit at or above the level specified.
 - (5) MAJOR SOURCE as used in any definition found in 40 CFR 51.165(a)(1), means the same as Major Polluting Facility, as defined in this rule.
 - (6) OXIDES OF NITROGEN (NO_x) means nitric oxide and nitrogen dioxide.
 - (7) PLANTWIDE APPLICABILITY LIMITATION (PAL) means an emissions limitation as defined in 40 CFR 51.165(f)(2)(v).
 - (8) PM_{2.5} means airborne particulate matter with a nominal aerodynamic diameter of 2.5 micrometers or less as measured by the reference test methods in subdivision (h). Gaseous emissions which condense to form PM_{2.5} at ambient temperatures shall also be included as PM_{2.5}.
 - (9) PRECURSORS mean, for the purposes of this rule, NO_x, sulfur dioxide (SO₂), volatile organic compounds (VOC), and ammonia (NH₃).
 - (10) PROJECTED ACTUAL EMISSIONS means the maximum annual rate, in tons per year, at which an existing emissions unit is projected to emit a regulated NSR pollutant in any one of the 5 years (12-month period)

following the date the unit resumes regular operation after the project, or in any one of the 10 years following that date, if the project involves increasing the emissions unit's design capacity or its potential to emit that regulated NSR pollutant and full utilization of the unit would result in a significant emissions increase or a significant net emissions increase at the major polluting facility. In determining the projected annual emissions before beginning actual construction, the owner or operator of the major polluting facility:

- (A) Shall consider all relevant information, including but not limited to, historical operational data, the company's own representations, the company's expected business activity and the company's highest projections of business activity, the company's filings with the State or Federal regulatory authorities, and any compliance plans; and
 - (B) Shall include fugitive emissions to the extent quantifiable, and emissions associated with startups, shutdowns, and malfunctions; and,
 - (C) Shall exclude, in calculating any increase in emissions that results from the particular project, that portion of the unit's emissions following the project that an existing unit could have accommodated during the consecutive 24-month period used to establish the baseline actual emissions and that are also unrelated to the particular project, including any increased utilization due to product demand growth.
- (11) REGULATED NSR POLLUTANT means for the purpose of this rule any of the following pollutants: PM_{2.5} and its precursors.
- (12) REVIEWING AUTHORITY as used in any definition found in 40 CFR 51.165(a)(1), means the same as Executive Officer, as defined in District Rule 102.
- (13) SIGNIFICANT means, in reference to a net emissions increase or the potential of a source to emit any of the following pollutants, a rate of emissions that would equal or exceed any of the following rates:

Pollutant	Emissions Rate (tons per year)
NO _x	40
SO ₂	40
VOC	40
NH ₃	40
PM _{2.5}	10

- (14) SOURCE means, any permitted individual unit, piece of equipment, article, machine, process, contrivance, or combination thereof, which may emit or control an air contaminant. This includes any permitted unit at any non-RECLAIM facility and any device at a RECLAIM facility.
- (15) VOLATILE ORGANIC COMPOUND (VOC) is as defined in Rule 102 – Definition of Terms.

(c) Requirements

- (1) The Executive Officer shall deny the Permit for a new major polluting facility; or major modification to a major polluting facility; or any modification to an existing facility that would constitute a major polluting facility in and of itself, unless each of the following requirements is met:
- (A) Lowest Achievable Emission Rate (LAER) is employed for the new or relocated source or for the actual modification to an existing source; and
- (B) Emission increases shall be offset at an offset ratio of 1.1:1 for PM_{2.5} and the ratio required in Regulation XIII or Rule 2005 for NO_x and SO₂ as applicable; and
- (C) Certification is provided by the owner/operator that all major sources, as defined in the jurisdiction where the facilities are located, that are owned or operated by such person (or by any entity controlling, controlled by, or under common control with such person) in the State of California are subject to emission limitations and are in compliance or on a schedule for compliance with all applicable emission limitations and standards under the Clean Air Act; and
- (D) An analysis is conducted of alternative sites, sizes, production processes, and environmental control techniques for such proposed

source and demonstration made that the benefits of the proposed project outweigh the environmental and social costs associated with that project.

- (2) At such time that a particular source or a source undergoing modification becomes a major polluting facility or major modification solely by virtue of a relaxation in any enforcement limitation which was established after June 3, 2011 on the capacity of the polluting facility or modification otherwise to emit PM_{2.5} or its precursors to avoid applicability of this rule, such as a restriction on hours of operation, then the requirements of this rule shall apply to the source or modification as though construction had not yet commenced on the source or modification.
 - (3) Approval to construct shall not relieve any owner or operator of the responsibility to comply fully with applicable provisions of the permit and any other requirements under local, State, or Federal law.
- (d) Emission Calculations
- (1) Except as provided in subdivision (e) of this rule, and consistent with the definition of a major modification, a project is a major modification for a regulated NSR pollutant if it causes two types of emission increases—a significant emissions increase and a significant net emissions increase. The procedure for calculating whether a significant emissions increase will occur at the major polluting facility depends on the type of emissions units being modified, according to paragraphs (d)(2) through (d)(5). The procedure for calculating whether a significant net emissions increase will occur at the major polluting facility is contained in the definition of the term Net Emission Increase.
 - (2) Actual-to-projected-actual applicability tests for projects that only involve existing emissions units. A significant emissions increase of a regulated NSR pollutant is projected to occur if the sum of the difference between the projected actual emissions and the baseline actual emissions [as defined in subparagraph (b)(1)(A) and (b)(1)(B), as applicable] for each existing emissions unit, equals or exceeds the significant amount for that pollutant.
 - (3) Actual-to-potential tests for projects that only involve construction of a new emissions unit(s). A significant emissions increase of a regulated NSR

pollutant is projected to occur if the sum of the difference between the potential to emit from each new emissions unit following completion of the project and the baseline actual emissions (as defined in subparagraph (b)(1)(C)) of these units before the project equals or exceeds the significant amount for that pollutant.

- (4) Hybrid tests for projects that involve multiple types of emissions units. A significant emissions increase of a regulated NSR pollutant is projected to occur if the sum of the emissions increases for each emissions unit, using the method specified in paragraphs (d)(2) and (d)(3) as applicable with respect to each emissions units for each type of emissions unit equals or exceeds the significant amount for that pollutant.
- (5) In lieu of using the method set out in paragraph (d)(2), the owner or operator of a major polluting facility may elect to use the emissions unit's potential to emit, in tons per year to determine if a significant emissions increase is projected to occur. For this purpose, the unit's potential to emit shall include fugitive emissions (to the extent quantifiable).

(e) Plantwide Applicability Limitation (PAL)

(1) Applicability

- (A) The Executive Officer may approve the use of an actuals PAL for any existing major polluting facility if the PAL meets the requirements in paragraphs (e)(1) through (15) of this rule. The term "PAL" shall mean "actuals PAL" throughout subdivision (e) of this rule.
- (B) Any physical change in or change in the method of operation of a major polluting facility that maintains its total source-wide emissions below the PAL level, meets the requirements in paragraphs (e)(1) through (e)(15) of this rule, and complies with the PAL permit:
 - (i) Is not a major modification for the PAL pollutant;
 - (ii) Is not subject to the provisions in subdivision (c) of this rule; and
 - (iii) Is not subject to the provisions in paragraph (c)(2) of this rule.

- (C) Except as provided under clause (e)(1)(B)(iii), a major polluting facility shall continue to comply with all applicable Federal or State requirements, emission limitations, and work practice requirements that were established prior to the effective date of the PAL.

(2) Definitions

The following definitions in subparagraphs (e)(2)(A) through (K) apply for the purposes of subdivision (e) of this rule. When a term is not defined below, it shall have the meaning given in paragraph (b)(1) of this rule or in the Clean Air Act.

- (A) ACTUALS PAL FOR A MAJOR POLLUTING FACILITY means a PAL based on the baseline actual emissions, of all emissions units at the source, that emit or have the potential to emit the PAL pollutant.
- (B) ALLOWABLE EMISSIONS means “allowable emissions” as defined in 40 CFR 51.165(a)(1)(xi), except as this definition is modified according to clauses (e)(2)(B)(i) and (ii).
 - (i) The allowable emissions for any emissions unit shall be calculated considering any emission limitations that are enforceable as a practical matter on the emissions unit's potential to emit.
 - (ii) An emissions unit's potential to emit shall be determined using the definition in 40 CFR 51.165(a)(1)(iii), except that the words “or enforceable as a practical matter” should be added after “federally enforceable.”
- (C) SMALL EMISSIONS UNIT means an emissions unit that emits or has the potential to emit the PAL pollutant in an amount less than the significant level for that PAL pollutant, as defined in paragraph (b)(12) of this rule or in the Clean Air Act, whichever is lower.
- (D) MAJOR EMISSIONS UNIT means:
 - (i) Any emissions unit that emits or has the potential to emit 100 tons per year or more of the PAL pollutant in an attainment area; or
 - (ii) Any emissions unit that emits or has the potential to emit the PAL pollutant in an amount that is equal to or greater than

the major source threshold for the PAL pollutant as defined by the Clean Air Act for non-attainment areas.

- (E) PLANTWIDE APPLICABILITY LIMITATION (PAL) means an emission limitation expressed in tons per year, for a pollutant at a major polluting facility, that is enforceable as a practical matter and established source-wide in accordance with paragraphs (e)(1) through (e)(15) of this rule.
- (F) PAL EFFECTIVE DATE generally means the date of issuance of the PAL permit. The PAL effective date for an increased PAL is the date any emissions unit which is part of the PAL major modification becomes operational and begins to emit the PAL pollutant.
- (G) PAL EFFECTIVE PERIOD means the period beginning with the PAL effective date and ending 10 years later.
- (H) PAL MAJOR MODIFICATION means any physical change in or change in the method of operation of the PAL source that causes it to emit the PAL pollutant at a level equal to or greater than the PAL.
- (I) PAL PERMIT means the major NSR permit, the minor NSR permit, or the Title V permit issued by the Executive Officer that establishes a PAL for a major polluting facility.
- (J) PAL POLLUTANT means the pollutant for which a PAL is established at a major polluting facility.
- (K) SIGNIFICANT EMISSIONS UNIT means an emissions unit that emits or has the potential to emit a PAL pollutant in an amount that is equal to or greater than the significant level (as defined in paragraph (b)(12) of this rule or in the Clean Air Act, whichever is lower) for that PAL pollutant, but less than the amount that would qualify the unit as a major emissions unit as defined in subparagraph (e)(2)(D) of this rule.

(3) Permit Application Requirements

As part of a permit application requesting a PAL, the owner or operator of a major polluting facility shall submit the following information to the Executive Officer for approval:

- (A) A list of all emissions units at the source designated as small, significant or major based on their potential to emit. In addition, the owner or operator of the source shall indicate which, if any, Federal

- or State applicable requirements, emission limitations or work practices apply to each unit.
- (B) Calculations of the baseline actual emissions (with supporting documentation). Baseline actual emissions are to include emissions associated not only with operation of the unit, but also emissions associated with startup, shutdown and malfunction.
 - (C) The calculation procedures that the major polluting facility owner or operator proposes to use to convert the monitoring system data to monthly emissions and annual emissions based on a 12-month rolling total for each month as required by subparagraph (e)(13)(A) of this rule.
- (4) General Requirements for Establishing PALs
- (A) The Executive Officer may establish a PAL at a major polluting facility, provided that at a minimum, the requirements in subparagraph (e)(4)(A) of this rule are met.
 - (i) The PAL shall impose an annual emission limitation, in tons per year, that is enforceable as a practical matter, for the entire major polluting facility. For each month during the PAL effective period after the first 12 months of establishing a PAL, the major polluting facility owner or operator shall show that the sum of the monthly emissions from each emissions unit under the PAL for the previous 12 consecutive months is less than the PAL (a 12-month average, rolled monthly). For each month during the first 11 months from the PAL effective date, the major polluting facility owner or operator shall show that the sum of the preceding monthly emissions from the PAL effective date for each emissions unit under the PAL is less than the PAL.
 - (ii) The PAL shall be established in a PAL permit that meets the public participation requirements in paragraph (e)(5) of this rule.
 - (iii) The PAL permit shall contain all the requirements of paragraph (e)(7) of this rule.
 - (iv) The PAL shall include fugitive emissions, to the extent quantifiable, from all emissions units that emit or have the

potential to emit the PAL pollutant at the major polluting facility.

- (v) Each PAL shall regulate emissions of only one pollutant.
 - (vi) Each PAL shall have a PAL effective period of 10 years.
 - (vii) The owner or operator of the major polluting facility with a PAL shall comply with the monitoring, recordkeeping, and reporting requirements provided in paragraphs (e)(12) through (14) of this rule for each emissions unit under the PAL through the PAL effective period.
- (B) At no time (during or after the PAL effective period) are emissions reductions of a PAL pollutant, which occur during the PAL effective period, creditable as decreases for purposes of generating offsets unless the level of the PAL is reduced by the amount of such emissions reductions and such reductions would be creditable in the absence of the PAL.

(5) Public Participation Requirement for PALs

Prior to the issuance of a new, renewed or increased PAL, the Executive Officer shall comply with the public participation requirements of District Rule 212, subdivision (g). The Executive Officer must address all material comments before taking final action on the permit.

(6) Setting the 10-year Actuals PAL Level

- (A) Except as provided in subparagraph (e)(6)(B) of this rule, the actuals PAL level for a major polluting facility shall be established as the sum of the baseline actual emissions of the PAL pollutant for each emissions unit at the source; plus an amount equal to the applicable significant level for the PAL pollutant under paragraph (b)(12) of this rule or under the Act, whichever is lower. When establishing the actuals PAL level, for a PAL pollutant, only one consecutive 24-month period must be used to determine the baseline actual emissions for all existing emissions units. However, a different consecutive 24-month period may be used for each different PAL pollutant. Emissions associated with units that were permanently shut down after this 24-month period must be subtracted from the PAL level. The Executive Officer shall specify a reduced PAL level(s) (in tons/yr) in the PAL permit to become effective on the

future compliance date(s) of any applicable Federal or State regulatory requirement(s) that the Executive Officer is aware of prior to issuance of the PAL permit.

- (B) For newly constructed units (which do not include modifications to existing units) on which actual construction began after the 24-month period, in lieu of adding the baseline actual emissions as specified in subparagraph (e)(6)(A) of this rule, the emissions must be added to the PAL level in an amount equal to the potential to emit of the units.

(7) Contents of the PAL Permit

The PAL permit shall contain, at a minimum, the following information.

- (A) The PAL pollutant and the applicable source-wide emission limitation in tons per year.
- (B) The PAL permit effective date and the expiration date of the PAL (PAL effective period).
- (C) Specification in the PAL permit that if a major polluting facility owner or operator applies to renew a PAL in accordance with paragraph (e)(10) of this rule before the end of the PAL effective period, then the PAL shall not expire at the end of the PAL effective period. It shall remain in effect until a revised PAL permit is issued by the Executive Officer.
- (D) A requirement that emission calculations for compliance purposes include emissions from startups, shutdowns and malfunctions.
- (E) A requirement that, once the PAL expires, the major polluting facility is subject to the requirements of paragraph (e)(9) of this rule.
- (F) The calculation procedures that the major polluting facility owner or operator shall use to convert the monitoring system data to monthly emissions and annual emissions based on a 12-month rolling total for each month as required by subparagraph (e)(13)(A) of this rule.
- (G) A requirement that the major polluting facility owner or operator monitor all emissions units in accordance with the provisions under paragraph (e)(12) of this rule.

- (H) A requirement to retain the records required under paragraph (e)(13) of this rule on site. Such records may be retained in an electronic format.
 - (I) A requirement to submit the reports required under paragraph (e)(14) of this rule by the required deadlines.
 - (J) Any other requirements that the Executive Officer deems necessary to implement and enforce the PAL.
- (8) PAL Effective Period and Reopening of the PAL Permit
- The PAL shall include the following information:
- (A) PAL effective period. The Executive Officer shall specify a PAL effective period of 10 years.
 - (B) Reopening of the PAL permit.
 - (i) During the PAL effective period, the plan shall require the Executive Officer to reopen the PAL permit to:
 - (A) Correct typographical/calculation errors made in setting the PAL or reflect a more accurate determination of emissions used to establish the PAL.
 - (B) Reduce the PAL if the owner or operator of the major polluting facility creates creditable emissions reductions for use as offsets.
 - (C) Revise the PAL to reflect an increase in the PAL as provided under paragraph (e)(11) of this rule.
 - (ii) The Executive Officer may reopen the PAL permit for the following:
 - (A) Reduce the PAL to reflect newly applicable Federal requirements (for example, New Source Performance Standard) with compliance dates after the PAL effective date.
 - (B) Reduce the PAL consistent with any other requirement, that is enforceable as a practical matter, and that the State may impose on the major polluting facility under the District rules.
 - (C) Reduce the PAL if the Executive Officer determines that a reduction is necessary to avoid causing or

contributing to a NAAQS or PSD increment violation, or to an adverse impact on an air quality related value that has been identified for a Federal Class I area by a Federal Land Manager and for which information is available to the general public.

- (iii) Except for the permit reopening in subclause (e)(8)(B)(i)(A) of this rule for the correction of typographical/calculation errors that do not increase the PAL level, all other reopenings shall be carried out in accordance with the public participation requirements of paragraph (e)(5) of this rule.

(9) Expiration of a PAL

Any PAL which is not renewed in accordance with the procedures in paragraph (e)(10) of this rule shall expire at the end of the PAL effective period, and the requirements in paragraph (e)(9) shall apply.

- (A) Each emissions unit (or each group of emissions units) that existed under the PAL shall comply with an allowable emission limitation under a revised permit established according to the following procedures:

- (i) Within the time frame specified for PAL renewals in subparagraph (e)(10)(B), the major polluting facility shall submit a proposed allowable emission limitation for each emissions unit (or each group of emissions units, if such a distribution is more appropriate as decided by the Executive Officer) by distributing the PAL allowable emissions for the major polluting facility among each of the emissions units that existed under the PAL. If the PAL had not yet been adjusted for an applicable requirement that became effective during the PAL effective period, as required under subparagraph (e)(10)(E) of this rule, such distribution shall be made as if the PAL had been adjusted.
- (ii) The Executive Officer shall decide whether and how the PAL allowable emissions will be distributed and issue a revised permit incorporating allowable limits for each emissions unit, or each group of emissions units, as the Executive Officer determines is appropriate.

- (B) Each emissions unit shall comply with the allowable emission limitation on a 12-month rolling basis. The Executive Officer may approve the use of monitoring systems (source testing, emission factors, etc.) other than CEMS (Continuous emissions monitoring system), CERMS (Continuous emissions rate monitoring system), PEMS (Predictive emissions monitoring system) or CPMS (Continuous parameter monitoring system) to demonstrate compliance with the allowable emission limitation.
 - (C) Until the Executive Officer issues the revised permit incorporating allowable limits for each emissions unit, or each group of emissions units, as required under clause (e)(9)(A)(i) of this rule, the source shall continue to comply with a source-wide, multi-unit emissions cap equivalent to the level of the PAL emission limitation.
 - (D) Any physical change or change in the method of operation at the major polluting facility will be subject to the nonattainment major NSR requirements if such change meets the definition of major modification in paragraph (b)(3) of this rule.
 - (E) The major polluting facility owner or operator shall continue to comply with any State or Federal applicable requirements (BACT, RACT, NSPS, etc.) that may have applied either during the PAL effective period or prior to the PAL effective period except for those emission limitations that had been established pursuant to 40 CFR 51.165 (a)(5)(ii), but were eliminated by the PAL in accordance with the provisions in clause (e)(1)(B)(iii) of this rule.
- (10) Renewal of a PAL
- (A) The Executive Officer shall follow the procedures specified in paragraph (e)(5) of this rule in approving any request to renew a PAL for a major polluting facility, and shall provide both the proposed PAL level and a written rationale for the proposed PAL level to the public for review and comment. During such public review, any person may propose a PAL level for the source for consideration by the Executive Officer.
 - (B) Application Deadline
The plan shall require that a major polluting facility owner or operator shall submit a timely application to the Executive Officer

to request renewal of a PAL. A timely application is one that is submitted at least 6 months prior to, but not earlier than 18 months from, the date of permit expiration. If the owner or operator of a major polluting facility submits a complete application to renew the PAL within this time period, then the PAL shall continue to be effective until the revised permit with the renewed PAL is issued.

(C) Application Requirements

The application to renew a PAL permit shall contain the information required in clauses (e)(10)(C)(i) through (iv) of this rule.

- (i) The information required in subparagraphs (e)(3)(A) through (C) of this rule.
- (ii) A proposed PAL level.
- (iii) The sum of the potential to emit of all emissions units under the PAL (with supporting documentation).
- (iv) Any other information the owner or operator wishes the Executive Officer to consider in determining the appropriate level for renewing the PAL.

(D) PAL Adjustment

In determining whether and how to adjust the PAL, the Executive Officer shall consider the options outlined in clauses (e)(10)(D)(i) and (ii) of this rule. However, in no case may any such adjustment fail to comply with clause (e)(10)(D)(iii) of this rule.

- (i) If the emissions level calculated in accordance with paragraph (e)(6) of this rule is equal to or greater than 80 percent of the PAL level, the Executive Officer may renew the PAL at the same level without considering the factors set forth in clause (e)(10)(D)(ii) of this rule; or
- (ii) The Executive Officer may set the PAL at a level that it determines to be more representative of the source's baseline actual emissions, or that it determines to be appropriate considering air quality needs, advances in control technology, anticipated economic growth in the area, desire to reward or encourage the source's voluntary emissions reductions, or other factors as specifically identified by the Executive Officer in its written rationale.
- (iii) Notwithstanding clauses (e)(10)(D)(i) and (ii) of this rule,

- (A) If the potential to emit of the major polluting facility is less than the PAL, the Executive Officer shall adjust the PAL to a level no greater than the potential to emit of the source; and
 - (B) The Executive Officer shall not approve a renewed PAL level higher than the current PAL, unless the major polluting facility has complied with the provisions of paragraph (e)(11) of this rule.
 - (E) If the compliance date for a State or Federal requirement that applies to the PAL source occurs during the PAL effective period, and if the Executive Officer has not already adjusted for such requirement, the PAL shall be adjusted at the time of PAL permit renewal or title V permit renewal, whichever occurs first.
- (11) Increasing a PAL During the PAL Effective Period
- (A) The plan shall require that the Executive Officer may increase a PAL emission limitation only if the major polluting facility complies with the provisions in clauses (e)(11)(A)(i) through (e)(11)(A)(iv) of this rule.
 - (i) The owner or operator of the major polluting facility shall submit a complete application to request an increase in the PAL limit for a PAL major modification. Such application shall identify the emissions unit(s) contributing to the increase in emissions so as to cause the major polluting facility's emissions to equal or exceed its PAL.
 - (ii) As part of this application, the major polluting facility owner or operator shall demonstrate that the sum of the baseline actual emissions of the small emissions units, plus the sum of the baseline actual emissions of the significant and major emissions units assuming application of BACT equivalent controls, plus the sum of the allowable emissions of the new or modified emissions unit(s) exceeds the PAL. The level of control that would result from BACT equivalent controls on each significant or major emissions unit shall be determined by conducting a new BACT analysis at the time the application is submitted, unless the emissions unit is

currently required to comply with a BACT or LAER requirement that was established within the preceding 10 years. In such a case, the assumed control level for that emissions unit shall be equal to the level of BACT or LAER with which that emissions unit must currently comply.

- (iii) The owner or operator obtains a major NSR permit for all emissions unit(s) identified in clause (e)(11)(A)(i) of this rule, regardless of the magnitude of the emissions increase resulting from them. These emissions unit(s) shall comply with any emissions requirements resulting from the nonattainment major NSR program process (for example, LAER), even though they have also become subject to the PAL or continue to be subject to the PAL.
 - (iv) The PAL permit shall require that the increased PAL level shall be effective on the day any emissions unit that is part of the PAL major modification becomes operational and begins to emit the PAL pollutant.
- (B) The Executive Officer shall calculate the new PAL as the sum of the allowable emissions for each modified or new emissions unit, plus the sum of the baseline actual emissions of the significant and major emissions units (assuming application of BACT equivalent controls as determined in accordance with clause (e)(11)(A)(ii), plus the sum of the baseline actual emissions of the small emissions units.
- (C) The PAL permit shall be revised to reflect the increased PAL level pursuant to the public notice requirements of paragraph (e)(5) of this rule.
- (12) Monitoring Requirements for PALs
- (A) General Requirements
 - (i) Each PAL permit must contain enforceable requirements for the monitoring system that accurately determines plantwide emissions of the PAL pollutant in terms of mass per unit of time. Any monitoring system authorized for use in the PAL permit must be based on sound science and meet generally acceptable scientific procedures for data quality and manipulation. Additionally, the information generated by

such system must meet minimum legal requirements for admissibility in a judicial proceeding to enforce the PAL permit.

- (ii) The PAL monitoring system must employ one or more of the four general monitoring approaches meeting the minimum requirements set forth in clause (e)(12)(B)(i) through (iv) of this rule and must be approved by the Executive Officer.
- (iii) Notwithstanding clause (e)(12)(A)(ii) of this rule, a major polluting facility may also employ an alternative monitoring approach that meets clause (e)(12)(A)(i) of this rule if approved by the Executive Officer.
- (iv) Failure to use a monitoring system that meets the requirements of this rule renders the PAL invalid.

(B) Minimum Performance Requirements for Approved Monitoring Approaches

The following are acceptable general monitoring approaches when conducted in accordance with the minimum requirements in subparagraphs (e)(12)(C) through (I) of this rule:

- (i) Mass balance calculations for activities using coatings or solvents;
- (ii) CEMS;
- (iii) CPMS or PEMS; and
- (iv) Emission Factors.

(C) Mass Balance Calculations

An owner or operator using mass balance calculations to monitor PAL pollutant emissions from activities using coating or solvents shall meet the following requirements:

- (i) Provide a demonstrated means of validating the published content of the PAL pollutant that is contained in or created by all materials used in or at the emissions unit;
- (ii) Assume that the emissions unit emits all of the PAL pollutant that is contained in or created by any raw material or fuel used in or at the emissions unit, if it cannot otherwise be accounted for in the process; and
- (iii) Where the vendor of a material or fuel, which is used in or at the emissions unit, publishes a range of pollutant content

from such material, the owner or operator must use the highest value of the range to calculate the PAL pollutant emissions unless the Executive Officer determines there is site-specific data or a site-specific monitoring program to support another content within the range.

(D) CEMS

An owner or operator using CEMS to monitor PAL pollutant emissions shall meet the following requirements:

- (i) CEMS must comply with applicable Performance Specifications found in 40 CFR part 60, appendix B; and
- (ii) CEMS must sample, analyze and record data at least every 15 minutes while the emissions unit is operating.

(E) CPMS or PEMS

An owner or operator using CPMS or PEMS to monitor PAL pollutant emissions shall meet the following requirements:

- (i) The CPMS or the PEMS must be based on current site-specific data demonstrating a correlation between the monitored parameter(s) and the PAL pollutant emissions across the range of operation of the emissions unit; and
- (ii) Each CPMS or PEMS must sample, analyze, and record data at least every 15 minutes, or at another less frequent interval approved by the Executive Officer, while the emissions unit is operating.

(F) Emission Factors

An owner or operator using emission factors to monitor PAL pollutant emissions shall meet the following requirements:

- (i) All emission factors shall be adjusted, if appropriate, to account for the degree of uncertainty or limitations in the factors' development;
- (ii) The emissions unit shall operate within the designated range of use for the emission factor, if applicable; and
- (iii) If technically practicable, the owner or operator of a significant emissions unit that relies on an emission factor to calculate PAL pollutant emissions shall conduct validation testing to determine a site-specific emission factor within 6

months of PAL permit issuance, unless the Executive Officer determines that testing is not required.

- (G) A source owner or operator must record and report maximum potential emissions without considering enforceable emission limitations or operational restrictions for an emissions unit during any period of time that there is no monitoring data, unless another method for determining emissions during such periods is specified in the PAL permit.
 - (H) Notwithstanding the requirements in subparagraphs (e)(12)(C) through (G) of this rule, where an owner or operator of an emissions unit cannot demonstrate a correlation between the monitored parameter(s) and the PAL pollutant emissions rate at all operating points of the emissions unit, the Executive Officer shall, at the time of permit issuance:
 - (i) Establish default value(s) for determining compliance with the PAL based on the highest potential emissions reasonably estimated at such operating point(s); or
 - (ii) Determine that operation of the emissions unit during operating conditions when there is no correlation between monitored parameter(s) and the PAL pollutant emissions is a violation of the PAL.
 - (I) Re-validation
All data used to establish the PAL pollutant must be re-validated through performance testing or other scientifically valid means approved by the Executive Officer. Such testing must occur at least once every 5 years after issuance of the PAL.
- (13) Recordkeeping Requirements
- (A) The PAL permit shall require an owner or operator to retain a copy of all records necessary to determine compliance with any requirement of subdivision (e) of this rule and of the PAL, including a determination of each emissions unit's 12-month rolling total emissions, for 5 years from the date of such record.
 - (B) The PAL permit shall require an owner or operator to retain a copy of the following records for the duration of the PAL effective period plus 5 years:

- (i) A copy of the PAL permit application and any applications for revisions to the PAL; and
- (ii) Each annual certification of compliance pursuant to title V and the data relied on in certifying the compliance.

(14) Reporting and Notification Requirements

The owner or operator shall submit semi-annual monitoring reports and prompt deviation reports to the Executive Officer in accordance with the applicable title V operating permit program. The reports shall meet the requirements in subparagraphs (e)(14)(A) through (C).

(A) Semi-Annual Report

The semi-annual report shall be submitted to the Executive Officer within 30 days of the end of each reporting period. This report shall contain the information required in clauses (e)(14)(A)(i) through (vii) of this rule.

- (i) The identification of owner and operator and the permit number.
- (ii) Total annual emissions (tons/year) based on a 12-month rolling total for each month in the reporting period recorded pursuant to subparagraph (e)(13)(A) of this rule.
- (iii) All data relied upon, including, but not limited to, any Quality Assurance or Quality Control data, in calculating the monthly and annual PAL pollutant emissions.
- (iv) A list of any emissions units modified or added to the major polluting facility during the preceding 6-month period.
- (v) The number, duration, and cause of any deviations or monitoring malfunctions (other than the time associated with zero and span calibration checks), and any corrective action taken.
- (vi) A notification of a shutdown of any monitoring system, whether the shutdown was permanent or temporary, the reason for the shutdown, the anticipated date that the monitoring system will be fully operational or replaced with another monitoring system, and whether the emissions unit monitored by the monitoring system continued to operate, and the calculation of the emissions of the pollutant or the

number determined by method included in the permit, as provided by subparagraph (e)(12)(G) of this rule.

- (vii) A signed statement by the responsible official (as defined by the applicable title V operating permit program) certifying the truth, accuracy, and completeness of the information provided in the report.

(B) Deviation Report

The major polluting facility owner or operator shall promptly submit reports of any deviations or exceedance of the PAL requirements, including periods where no monitoring is available. A report submitted pursuant to 40 CFR 70.6(a)(3)(iii)(B) shall satisfy this reporting requirement. The deviation reports shall be submitted within the time limits prescribed by District Rule 3004(g)(4). The reports shall contain the following information:

- (i) The identification of owner and operator and the permit number;
- (ii) The PAL requirement that experienced the deviation or that was exceeded;
- (iii) Emissions resulting from the deviation or the exceedance; and
- (iv) A signed statement by the responsible official (as defined by the applicable title V operating permit program) certifying the truth, accuracy, and completeness of the information provided in the report.

(C) Re-validation Results

The owner or operator shall submit to the Executive Officer the results of any re-validation test or method within 3 months after completion of such test or method.

(15) Transition Requirements

- (A) The Executive Officer may not issue a PAL that does not comply with the requirements in paragraphs (e)(1) through (15) of this rule after the EPA has approved this rule as part of the California State Implementation Plan.

- (f) **Two Year Limit on Facility Exemption**
Any facility, with accumulated emission increases at or above 70 tons per year of PM_{2.5} due to permit actions within any two-year period after June 3, 2011, shall offset the total emission increases during such period to zero.
- (g) **Recordkeeping Requirements**
- (1) If an owner or operator uses the calculation methods specified in paragraphs (d)(2) or (d)(4) of this rule to calculate projected actual emissions, and where there is a reasonable possibility, within the meaning of paragraph (g)(6) of this rule, that a project that is not a part of a major modification may result in a significant emissions increase of such pollutant, then before beginning actual construction of the project, the owner or operator shall document and maintain a record of the following information:
- (A) A description of the project;
- (B) Identification of the emissions unit(s) whose emissions of a regulated NSR pollutant could be affected by the project; and
- (C) A description of the applicability test used to determine that the project is not a major modification for any regulated NSR pollutant, including the baseline actual emissions, the projected actual emissions, the amount of emissions excluded under subparagraph (b)(9)(C) of this rule and an explanation for why such amount was excluded, and any netting calculations, if applicable.
- (2) If the emissions unit is an existing electric utility steam generating unit, before beginning actual construction, the owner or operator shall provide a copy of the information set out in paragraph (g)(1) to the Executive Officer. Nothing in this paragraph shall be construed to require the owner or operator of such a unit to obtain any determination from the Executive Officer before beginning actual construction.
- (3) The owner or operator shall monitor the emissions of any regulated NSR pollutant that could increase as a result of the project and that is emitted by any emissions units identified in subparagraph (g)(1)(B); and calculate and maintain a record of the annual emissions, in tons per year on a calendar year basis, for a period of 5 years following resumption of regular operations after the change, or for a period of 10 years following resumption of regular operations after the change if the project increases the design

capacity or potential to emit of that regulated NSR pollutant at such emissions unit.

- (4) If the unit is an existing electric utility steam generating unit, the owner or operator shall submit a report to the Executive Officer within 60 days after the end of each year during which records must be generated under paragraph (g)(3) setting out the unit's annual emissions.
- (5) If the unit is an existing unit other than an electric utility steam generating unit, the owner or operator shall submit a report to the Executive Officer if the annual emissions, in tons per year, from the project identified in paragraph (g)(1), exceed the baseline actual emissions (as documented and maintained pursuant to subparagraph (g)(1)(C), by a significant amount (as defined in paragraph (b)(12) of this rule) for that regulated NSR pollutant, and if such emissions differ from the preconstruction projection as documented and maintained pursuant to subparagraph (g)(1)(C). Such report shall be submitted to the Executive Officer within 60 days after the end of such year. The report shall contain the following:
 - (A) The name, address and telephone number of the major polluting facility;
 - (B) The annual emissions as calculated pursuant to paragraph (g)(3); and
 - (C) Any other information that the owner or operator wishes to include in the report (e.g., an explanation as to why the emissions differ from the preconstruction projection).
- (6) A “reasonable possibility” occurs when the owner or operator calculates the project to result in either:
 - (A) A projected actual emissions increase of at least 50 percent of the amount that is a “significant emissions increase,” as defined under paragraph (b)(12) of this rule (without reference to the amount that is a significant net emissions increase), for the regulated NSR pollutant; or
 - (B) A projected actual emissions increase that, added to the amount of emissions excluded under subparagraph (b)(9)(C), sums to at least 50 percent of the amount that is a “significant emissions increase,” as defined under paragraph (b)(12) of this rule (without reference to the amount that is a significant net emissions increase), for the

regulated NSR pollutant. For a project for which a reasonable possibility occurs only within the meaning of subparagraph (g)(6)(B) of this rule, and not also within the meaning of subparagraph (g)(6)(A) of this rule, then provisions of paragraphs (g)(2) through (5) do not apply to the project.

(h) Test Methods

For the purpose of this rule only, testing for point sources of PM_{2.5} shall be in accordance with U.S. EPA Test Methods 201A and 202.

(i) Exclusions

The provisions of Rule 1304 – Exemptions, Rule 1309.1 – Priority Reserve, and Rule 1315 – Federal New Source Review Tracking System do not apply for the purposes of this rule.

(j) Offset Exemptions for Regulatory Compliance

Upon approval by the Executive Officer or designee, an exemption from the offset requirements of this rule shall be allowed for a source installed or modified solely to comply with District, state, or federal air pollution control laws, rules, regulations or orders, as approved by the Executive Officer or designee, and provided there is no increase in maximum rating.

RULE 1420.1. EMISSIONS STANDARD FOR LEAD FROM LARGE LEAD-ACID BATTERY RECYCLING FACILITIES

(a) Purpose

- (1) The purpose of this rule is to protect public health by reducing exposure and emissions of lead from large lead-acid battery recycling facilities, and to help ensure attainment of the National Ambient Air Quality Standard for Lead.

(b) Applicability

- (1) This rule applies to all persons who own or operate a lead-acid battery recycling facility that has processed more than 50,000 tons of lead a year in any one of the five calendar years prior to November 5, 2010, or annually thereafter, hereinafter a large lead-acid battery recycling facility. Applicability shall be based on facility lead processing records required under subdivision (m) of this rule, and Rule 1420 – Emissions Standards for Lead. Compliance with this rule shall be in addition to other applicable rules such as Rule 1420.

(c) Definitions

For the purposes of this rule, the following definitions shall apply:

- (1) **AGGLOMERATING FURNACE** means a furnace used to melt flue dust that is collected from a lead control device, such as a baghouse, into a solid mass.
- (2) **AMBIENT AIR** for purposes of this rule means outdoor air.
- (3) **BATTERY BREAKING AREA** means the plant location at which lead-acid batteries are broken, crushed, or disassembled and separated into components.
- (4) **DRYER** means a chamber that is heated and that is used to remove moisture from lead-bearing materials before they are charged to a smelting furnace.
- (5) **DRYER TRANSITION PIECE** means the junction between a dryer and the charge hopper or conveyor, or the junction between the dryer and the smelting furnace feed chute or hopper located at the ends of the dryer.
- (6) **DUCT SECTION** means a length of duct including angles and bends which is contiguous between two or more process devices (e.g., between a

- furnace and heat exchanger; baghouse and scrubber; scrubber and stack; etc.).
- (7) EMISSION COLLECTION SYSTEM means any equipment installed for the purpose of directing, taking in, confining, and conveying an air contaminant, and which at minimum conforms to design and operation specifications given in the most current edition of *Industrial Ventilation, Guidelines and Recommended Practices*, published by the American Conference of Government and Industrial Hygienists, at the time a complete permit application is on file with the District.
 - (8) FUGITIVE LEAD-DUST means any solid particulate matter containing lead that is in contact with ambient air and has the potential to become airborne.
 - (9) FURNACE AND REFINING/CASTING AREA means any area of a large lead-acid battery recycling facility in which:
 - (a) Smelting furnaces or agglomerating furnaces are located; or
 - (b) Refining operations occur; or
 - (c) Casting operations occur.
 - (10) LEAD-ACID BATTERY RECYCLING FACILITY means any facility, operation, or process in which lead-acid batteries are disassembled and recycled into elemental lead or lead alloys through smelting.
 - (11) LEAD means elemental lead, alloys containing elemental lead, or lead compounds, calculated as elemental lead.
 - (12) LEAD CONTROL DEVICE means any equipment installed in the ventilation system of a lead point source or emission collection system for the purposes of collecting and containing lead emissions.
 - (13) LEAD POINT SOURCE means any process, equipment, or total enclosure used in the lead-acid battery recycling operation, including, but not limited to, agglomerating furnaces, dryers, and smelting furnaces, that pass through a stack or vent designed to direct or control its exhaust flow prior to release to the atmosphere.
 - (14) LEEWARD WALL means the furthest exterior wall of a total enclosure that is opposite the windward wall.
 - (15) MAINTENANCE ACTIVITY means any of the following activities conducted outside of a total enclosure that generates fugitive lead-dust:
 - (a) building construction, renovation, or demolition;
 - (b) replacement or repair of refractory, filter bags, or any internal or

- external part of equipment used to process, handle, or control lead-containing materials;
- (c) replacement of any duct section used to convey lead-containing exhaust;
 - (d) metal cutting or welding that penetrates the metal structure of any equipment, and its associated components, used to process lead-containing material, such that lead dust within the internal structure or its components can become fugitive lead-dust; or
 - (e) resurfacing, repair, or removal of ground, pavement, concrete, or asphalt.
- (16) MATERIALS STORAGE AND HANDLING AREA means any area of a large lead-acid battery recycling facility in which lead-containing materials including, but not limited to, broken battery components, reverberatory furnace slag, flue dust, and dross, are stored or handled between process steps. Areas may include, but are not limited to, locations in which materials are stored in piles, bins, or tubs, and areas in which material is prepared for charging to a smelting furnace.
- (17) MEASURABLE PRECIPITATION means any on-site measured rain amount of greater than 0.01 inches in any complete 24-hour calendar day (i.e., midnight to midnight).
- (18) PARTIAL ENCLOSURE for purposes of this rule means a structure comprised of walls or partitions on at least three sides or three-quarters of the perimeter that surrounds areas where maintenance activity is conducted, in order to prevent the generation of fugitive lead-dust.
- (19) PROCESS means using lead or lead-containing materials in any operation including, but not limited to, the charging of lead-containing materials to smelting furnaces, lead refining and casting operations, and lead-acid battery breaking.
- (20) RENOVATION for purposes of this rule means the altering of a building or permanent structure, or the removal of one or more of its components that generates fugitive lead-dust emissions.
- (21) SENSITIVE RECEPTOR means any residence including private homes, condominiums, apartments, and living quarters; education resources such as preschools and kindergarten through grade twelve (k-12) schools; daycare centers; and health care facilities such as hospitals or retirement and nursing homes. A sensitive receptor includes long term care

hospitals, hospices, prisons, and dormitories or similar live-in housing.

- (22) SLAG means the inorganic material by-product discharged, in molten state, from a lead smelting furnace that has a lower specific gravity than lead metal and contains lead compounds. This shall include, but not limited to, lead sulfate, lead sulfide, lead oxides, and lead carbonate consisting of other constituents charged to a smelting furnace which are fused together during the pyrometallurgical process.
- (23) SMELTING means the chemical reduction of lead compounds to elemental lead or lead alloys through processing in high temperatures greater than 980° C.
- (24) SMELTING FURNACE means any furnace where smelting takes place including, but not limited to, blast furnaces, reverberatory furnaces, rotary furnaces, and electric furnaces.
- (25) TOTAL ENCLOSURE means a permanent containment building/structure, completely enclosed with a floor, walls, and a roof to prevent exposure to the elements, (e.g., precipitation, wind, run-on), with limited openings to allow access and egress for people and vehicles, that is free of cracks, gaps, corrosion, or other deterioration that could cause or result in fugitive lead-dust.
- (26) WINDWARD WALL means the exterior wall of a total enclosure which is most impacted by the wind in its most prevailing direction determined by a wind rose using data required under paragraph (j)(5) of this rule, or other data approved by the Executive Officer.

(d) General Requirements

The owner or operator of a large lead-acid battery recycling facility shall be subject to the following requirements:

- (1) Prior to January 1, 2012, emissions shall not be discharged into the atmosphere which contribute to ambient air concentrations of lead that exceed 1.5 micrograms per cubic meter ($\mu\text{g}/\text{m}^3$) pursuant to District Rule 1420.
- (2) On and after January 1, 2012, emissions shall not be discharged into the atmosphere which contribute to ambient air concentrations of lead that exceed 0.15 $\mu\text{g}/\text{m}^3$ averaged over any 30 consecutive days. The ambient air concentrations of lead shall be determined by monitors pursuant to subdivision (j) or at any District-installed monitor.

- (3) No later than July 1, 2011, install, maintain, and operate total enclosures pursuant to subdivision (e) and lead point source emission control devices pursuant to subdivision (f). The owner or operator of a large lead-acid battery recycling facility shall comply with both subparagraphs (d)(3)(A) and (d)(3)(B):
 - (A) Submit complete permit applications for all construction and necessary equipment within 30 days of November 5, 2010.
 - (B) Complete all construction within 180 days of receiving Permit to Construct approvals from the Executive Officer, or by July 1, 2011, whichever is earlier.
 - (C) The Executive Officer may approve a request for an extension of the compliance deadline date if the facility can demonstrate that it timely filed all complete permit applications and is unable to meet the deadline due to reasons beyond the facility's control. The request shall be submitted to the Executive Officer no less than 30 days before the compliance deadline date.
 - (4) On and after July 1, 2011 submit a Compliance Plan pursuant to subdivision (g) if emissions are discharged into the atmosphere which contribute to ambient air concentrations of lead that exceed $0.12 \text{ } (\mu\text{g}/\text{m}^3)$ averaged over any 30 consecutive days determined by monitors pursuant to subdivision (j) or at any District-installed monitor.
- (e) Total Enclosures
- (1) Enclosure Areas

The owner or operator of a large lead-acid battery recycling facility shall enclose within a total enclosure the following areas in groups or individually:

 - (A) Battery breaking areas;
 - (B) Materials storage and handling areas, excluding areas where unbroken lead-acid batteries and finished lead products are stored;
 - (C) Dryer and dryer areas including transition pieces, charging hoppers, chutes, and skip hoists conveying any lead-containing material;
 - (D) Smelting furnaces and smelting furnace areas charging any lead-containing material;
 - (E) Agglomerating furnaces and agglomerating furnace areas charging

any lead-containing material; and

(F) Refining and casting areas.

(2) Total Enclosure Lead Emissions Control

The owner or operator of a large lead-acid battery recycling facility shall vent each total enclosure to an emission collection system that ducts the entire gas stream to a lead control device pursuant to subdivision (f).

(3) Total Enclosure Ventilation

Ventilation of the total enclosure at any opening including, but not limited to, vents, windows, passages, doorways, bay doors, and roll-ups shall continuously be maintained at a negative pressure of at least 0.02 mm of Hg (0.011 inches H₂O) measured pursuant to paragraph (e)(4).

(4) Digital Differential Pressure Monitoring Systems

The owner or operator of a large lead-acid battery recycling facility shall install, operate, and maintain a digital differential pressure monitoring system for each total enclosure as follows:

(A) A minimum of one building digital differential pressure monitoring system shall be installed and maintained at each of the following three walls in each total enclosure having a total ground surface area of 10,000 square feet or more:

(i) The leeward wall;

(ii) The windward wall; and

(iii) An exterior wall that connects the leeward and windward wall at a location defined by the intersection of a perpendicular line between a point on the connecting wall and a point on its furthest opposite exterior wall, and intersecting within plus or minus ten (± 10) meters of the midpoint of a straight line between the two other monitors specified in clauses (e)(4)(A)(i) and (e)(4)(A)(ii). The midpoint monitor shall not be located on the same wall as either of the other two monitors described in clauses (e)(4)(A)(i) or (e)(4)(A)(ii).

(B) A minimum of one building digital differential pressure monitoring system shall be installed and maintained at the leeward wall of each total enclosure that has a total ground surface area of less than 10,000 square feet.

(C) Digital differential pressure monitoring systems shall be certified

by the manufacturer to be capable of measuring and displaying negative pressure in the range of 0.01 to 0.2 mm Hg (0.005 to 0.11 inches H₂O) with a minimum accuracy of plus or minus 0.001 mm Hg (0.0005 inches H₂O).

- (D) Digital differential pressure monitoring systems shall be equipped with a continuous strip chart recorder or electronic recorder approved by the Executive Officer. If an electronic recorder is used, the recorder shall be capable of writing data on a medium that is secure and tamper-proof. The recorded data shall be readily accessible upon request by the Executive Officer. If software is required to access the recorded data that is not readily available to the Executive Officer, a copy of the software, and all subsequent revisions, shall be provided to the Executive Officer at no cost. If a device is required to retrieve and provide a copy of such recorded data, the device shall be maintained and operated at the facility.
- (E) Digital differential pressure monitoring systems shall be calibrated in accordance with manufacturer's specifications at least once every 12 calendar months or more frequently if recommended by the manufacturer.
- (F) Digital differential pressure monitoring systems shall be equipped with a backup, uninterruptible power supply to ensure continuous operation of the monitoring system during a power outage.

(5) In-draft Velocity

The in-draft velocity of the total enclosure shall be maintained at ≥ 300 feet per minute at any opening including, but not limited to, vents, windows, passages, doorways, bay doors, and roll-ups. In-draft velocities for each total enclosure shall be determined by placing an anemometer, or an equivalent device approved by the Executive Officer, at the center of the plane of any opening of the total enclosure.

(f) Lead Point Source Emissions Controls

- (1) The owner or operator of a large lead-acid battery recycling facility shall vent emissions from each lead point source to a lead control device that meets the requirements of this subdivision and is approved by the Executive Officer.
- (2) The total facility mass lead emissions from all lead point sources shall not

exceed 0.045 pounds of lead per hour. The maximum emission rate for any single lead point source shall not exceed 0.010 pounds of lead per hour. The total facility and maximum emission rates shall be determined using the most recent source tests conducted by the facility or the District.

- (3) The owner or operator of a large lead-acid battery recycling facility shall install a secondary lead control device that controls lead emissions from the exhaust of the primary lead control device used for a dryer. The secondary lead control device shall be fitted with dry filter media, and the secondary lead control device shall only be used to vent the primary lead control device used for the dryer. An alternative secondary lead control method that is equally or more effective for the control of lead emissions may be used if a complete application is submitted as part of the permit application required under paragraph (d)(3) and approved by the Executive Officer.
- (4) For any lead control device that uses filter media other than a filter bag(s), including, but not limited to, HEPA and cartridge-type filters, the filter(s) used shall be rated by the manufacturer to achieve a minimum of 99.97% capture efficiency for 0.3 micron particles.
- (5) For any lead control device that uses a filter bag(s), the filter bag(s) used shall be polytetrafluoroethylene membrane-type, or any other material that is equally or more effective for the control of lead emissions, and approved for use by the Executive Officer.
- (6) Each emission collection system and lead control device shall, at minimum, be inspected, maintained, and operated in accordance with the manufacturer's specifications.

(g) Compliance Plan

On and after July 1, 2011, the owner or operator of a large lead-acid battery recycling facility shall submit a Compliance Plan if emissions are discharged into the atmosphere which contribute to ambient air concentrations of lead that exceed $0.12 \mu\text{g}/\text{m}^3$ averaged over any 30 consecutive days determined by monitors pursuant to subdivision (j) or at any District-installed monitor shall:

- (1) Notify the Executive Officer in writing within 72 hours of when the facility knew or should have known of exceeding an ambient air lead concentration of $0.12 \mu\text{g}/\text{m}^3$ averaged over any 30 consecutive days. Notification shall only be required for the first time the ambient air lead

- concentration of $0.12 \mu\text{g}/\text{m}^3$ is exceeded;
- (2) Submit, within 30 calendar days of exceeding an ambient air lead concentration of $0.12 \mu\text{g}/\text{m}^3$ averaged over any 30 consecutive days, a complete Compliance Plan to the Executive Officer for review and approval, subject to plan fees as specified in Rule 306. The Compliance Plan shall, at a minimum, include the following:
- (A) A description of additional lead emission reduction measures to achieve the ambient lead concentration of $0.15 \mu\text{g}/\text{m}^3$ averaged over any 30 consecutive days, as required under paragraph (d)(2), including, but not limited to, requirements for the following:
- (i) Housekeeping, inspection, and maintenance activities;
 - (ii) Additional total enclosures;
 - (iii) Modifications to lead control devices;
 - (iv) Installation of multi-stage lead control devices;
 - (v) Process changes including reduced throughput limits; and
 - (vi) Conditional curtailments including, at a minimum, information specifying the curtailed processes, process amounts, and length of curtailment.
- (B) The locations within the facility and method(s) of implementation for each lead reduction measure of subparagraph (g)(2)(A); and
- (C) An implementation schedule for each lead emission reduction measure of subparagraph (g)(2)(A) to be implemented if lead emissions discharged from the facility contribute to ambient air concentrations of lead that exceed $0.15 \mu\text{g}/\text{m}^3$ averaged over any 30 consecutive days measured at any monitor pursuant to subdivision (j) or at any District-installed monitor. The schedule shall also include a list of the lead reduction measures of subparagraph (g)(2)(A) that can be implemented immediately prior to plan approval.
- (3) The Executive Officer shall notify the owner or operator in writing whether the Compliance Plan is approved or disapproved. Determination of approval status shall be based on, at a minimum, submittal of information that satisfies the criteria set forth in paragraph (g)(2). If the Compliance Plan is disapproved, the owner or operator shall resubmit the Compliance Plan, subject to plan fees specified in Rule 306, within 30 calendar days after notification of disapproval of the Compliance Plan.

The resubmitted Compliance Plan shall include any information necessary to address deficiencies identified in the disapproval letter. If the resubmitted Compliance Plan is denied, the operator or owner may appeal the denial by the Executive Officer to the Hearing Board under Rule 216 – Appeals and Rule 221 - Plans.

- (4) The owner or operator shall implement measures based on the schedule in the approved Compliance Plan if lead emissions discharged from the facility contribute to ambient air concentrations of lead to exceed $0.15 \mu\text{g}/\text{m}^3$ averaged over any 30 consecutive days measured at any monitor pursuant to subdivision (j) or at any District-installed monitor.
- (5) The owner or operator may make a request to the Executive Officer to modify or update an approved Compliance Plan.

(h) Housekeeping Requirements

No later than 30 days after November 5, 2010, the owner or operator of a large lead-acid battery recycling facility shall control fugitive lead-dust by conducting all of the following housekeeping practices:

- (1) Clean by wet wash or a vacuum equipped with a filter(s) rated by the manufacturer to achieve a 99.97% capture efficiency for 0.3 micron particles in a manner that does not generate fugitive lead-dust, the following areas at the specified frequencies, unless located within a total enclosure vented to a lead control device. Days of measurable precipitation in the following areas occurring within the timeframe of a required cleaning frequency may be counted as a cleaning:
 - (A) Monthly cleanings of roof tops on structures ≤ 45 feet in height that house areas associated with the storage, handling or processing of lead-containing materials; and
 - (B) Quarterly cleanings, no more than 3 calendar months apart, of roof tops on structures > 45 feet in height that house areas associated with the storage, handling or processing of lead-containing materials; and
 - (C) Weekly cleanings of all areas where lead-containing wastes generated from housekeeping activities are stored, disposed of, recovered or recycled.
 - (D) Initiate immediate cleaning, no later than one hour, after any maintenance activity or event including, but not limited to,

accidents, process upsets, or equipment malfunction, that causes deposition of fugitive lead-dust onto areas specified in subparagraph (h)(1)(A) through (h)(1)(C). Immediate cleanings of roof tops shall be completed within 72 hours if the facility can demonstrate that delays were due to safety or timing issues associated with obtaining equipment required to implement this requirement.

- (2) Inspect all total enclosures and facility structures that house, contain or control any lead point source or fugitive lead-dust emissions at least once a month. Any gaps, breaks, separations, leak points or other possible routes for emissions of lead or fugitive lead-dust to ambient air shall be permanently repaired within 72 hours of discovery. The Executive Officer may approve a request for an extension beyond the 72-hour limit if the request is submitted before the limit is exceeded.
- (3) Upon receipt, any lead-acid battery that is cracked or leaking shall be immediately sent to the battery breaking area for processing or stored pursuant to paragraph (h)(6).
- (4) Pave, concrete, asphalt, or otherwise encapsulate all facility grounds as approved by the Executive Officer. Facility grounds used for plant life that are less than a total surface area of 100 square feet shall not be subject to encapsulation. Facility grounds requiring removal of existing pavement, concrete, asphalt or other forms of encapsulation, necessary for maintenance purposes shall not require encapsulation while undergoing work, and shall be re-encapsulated immediately after all required work is completed. All work shall be conducted in accordance with subdivision (i).
- (5) Remove any weather cap installed on any stack that is a source of lead emissions.
- (6) Store all materials capable of generating any amount of fugitive lead-dust including, but not limited to, slag and any other lead-containing waste generated from housekeeping requirements of subdivision (h) and maintenance activities of subdivision (i), in sealed, leak-proof containers, unless located within a total enclosure.
- (7) Transport all materials capable of generating any amount of fugitive lead-dust including, but not limited to, slag and any other waste generated from housekeeping requirements of subdivision (h), within closed conveyer

systems or in sealed, leak-proof containers, unless located within a total enclosure.

- (8) Initiate removal of any lead-containing material, including sludge, from the entire surface area of any surface impoundment pond or reservoir holding storm water runoff or spent water from housekeeping activities within 1 hour after the water level is \leq 1 inch above the bottom of the pond or reservoir. Removal of lead-containing material is required to be completed as soon as possible, and no later than six calendar days after the time initiation of the removal was required. Thereafter, surfaces shall be washed down weekly in a manner that does not generate fugitive lead-dust until the pond or reservoir is used again for holding water.
- (9) **Maintain and Use an Onsite Mobile Vacuum Sweeper or Vacuum**
The owner or operator of a large lead-acid battery recycling facility shall maintain an onsite mobile vacuum sweeper that is in compliance with District Rule 1186, or a vacuum equipped with a filter(s) rated by the manufacturer to achieve a 99.97% capture efficiency for 0.3 micron particles to conduct the following sweeping activities:
 - (A) Vacuum sweep all paved, concreted or asphalted facility areas subject to vehicular or foot traffic three times per day and occurring at least once per operating shift with each event not less than four hours apart, unless located within a total enclosure vented to a lead control device.
 - (B) Immediately vacuum sweep any area specified in subparagraph (h)(9)(A), no later than one hour after any maintenance activity or event including accidents, process upsets, or equipment malfunction that results in the deposition of fugitive lead-dust.
 - (C) Vacuum sweeping activities specified in paragraph (h)(9) shall not be required during days of measurable precipitation.
- (i) **Maintenance Activity**
 - (1) Beginning November 5, 2010, the owner or operator of a large lead-acid battery recycling facility shall conduct any maintenance activity in a negative air containment enclosure, vented to a permitted negative air machine equipped with a filter(s) rated by the manufacturer to achieve a 99.97% capture efficiency for 0.3 micron particles, that encloses all affected areas where fugitive lead-dust generation potential exists, unless

located within a total enclosure or approved by the Executive Officer. Any maintenance activity that cannot be conducted in a negative air containment enclosure due to physical constraints, limited accessibility, or safety issues when constructing or operating the enclosure shall be conducted:

- (A) In a partial enclosure, barring conditions posing physical constraints, limited accessibility, or safety issues;
 - (B) Using wet suppression or a vacuum equipped with a filter(s) rated by the manufacturer to achieve a 99.97% capture efficiency for 0.3 micron particles, at locations where the potential to generate fugitive lead-dust exists prior to conducting and upon completion of the maintenance activity. Wet suppression or vacuuming shall also be conducted during the maintenance activity barring safety issues;
 - (C) While collecting 24-hour samples at monitors for every day that maintenance activity is occurring notwithstanding paragraph (j)(2); and
 - (D) Shall be stopped immediately when instantaneous wind speeds are ≥ 25 mph. Maintenance work may be continued if it is necessary to prevent the release of lead emissions.
- (2) Store or clean by wet wash or a vacuum equipped with a filter(s) rated by the manufacturer to achieve a 99.97% capture efficiency for 0.3 micron particles, all lead-contaminated equipment and materials used for any maintenance activity immediately after completion of work in a manner that does not generate fugitive lead-dust.

(j) Ambient Air Monitoring and Sampling Requirements

Prior to January 1, 2011, ambient air monitoring and sampling shall be conducted pursuant to District Rule 1420. No later than January 1, 2011, the owner or operator of a large lead-acid battery recycling facility shall conduct ambient air monitoring and sampling as follows:

- (1) Collect samples from a minimum of four sampling sites. Locations for sampling sites shall be approved by the Executive Officer.
 - (A) Locations for sampling sites shall be based on maximum expected ground level lead concentrations, at or beyond the property line, as determined by Executive Officer-approved air dispersion modeling

calculations and emission estimates from all lead point sources and fugitive lead-dust sources, and other factors including, but not limited to, population exposure and seasonal meteorology.

- (B) The Executive Officer may require one or more of the four sampling sites to be at locations that are not based on maximum ground level lead concentrations, and that are instead at locations at or beyond the property line that are representative of upwind or background concentrations.
 - (C) Sampling sites at the property line may be located just inside the fence line on facility property if logistical constraints preclude placement outside the fence line at the point of maximum expected ground level lead concentrations.
- (2) Collect 24-hour, midnight-to-midnight, samples at all sites for 30 consecutive days from the date of initial sampling, followed by one 24-hour, midnight-to-midnight, sample collected at least once every three calendar days, on a schedule approved by the Executive Officer.
 - (3) Submit samples collected pursuant to paragraphs (j)(1) and (j)(2) to a laboratory approved under the SCAQMD Laboratory Approval Program for analysis within three calendar days of collection and calculate ambient lead concentrations for individual 24-hour samples within 15 calendar days of the end of the calendar month in which the samples were collected. Duplicate samples shall be made available and submitted to the District upon request by the Executive Officer.
 - (4) Sample collection shall be conducted using Title 40, CFR 50 Appendix B - *Reference Method for the Determination of Suspended Particulate Matter in the Atmosphere (High Volume Method)*, or U.S. EPA-approved equivalent methods, and sample analysis shall be conducted using Title 40, CFR 50 Appendix G - *Reference Method for the Determination of Lead in Suspended Particulate Matter Collected from Ambient Air*, or U.S. EPA-approved equivalent methods.
 - (5) Continuously record wind speed and direction data at all times using equipment approved by the Executive Officer at a minimum of one location and placement approved by the Executive Officer.
 - (6) Ambient air quality monitoring shall be conducted by persons approved by the Executive Officer and sampling equipment shall be operated and maintained in accordance with U.S. EPA-referenced methods.

- (7) All ambient air quality monitoring systems required by this subdivision shall be equipped with a backup, uninterruptible power supply to ensure continuous operation of the monitoring system during a power outage.
 - (8) Cleaning activities including, but not limited to, wet washing and misting, that result in damage or biases to samples collected shall not be conducted within 10 meters of any sampling site required under this subdivision.
 - (9) On and after January 1, 2012, if the owner or operator of a large lead-acid battery recycling facility exceeds an ambient air lead concentration $0.15 \mu\text{g}/\text{m}^3$ measured pursuant to paragraph (d)(2), the owner or operator shall:
 - (A) Begin daily ambient air monitoring and sampling no later than three calendar days of the time the facility knew or should have known of the exceedance. Conduct daily ambient air monitoring and sampling for sixty (60) consecutive days at each sampling site that measured an exceedance with paragraph (d)(2).
 - (B) The 60 consecutive-day period shall be restarted for any subsequent exceedance.
- (k) Source Tests
- (1) The owner or operator of a large lead-acid battery recycling facility shall conduct a source test of all lead point sources at least annually to demonstrate compliance with the control standards specified in subdivision (f). If the results of the most recent source test for a lead point source demonstrating compliance with the lead emission standard of subdivision (f) demonstrate emissions of 0.0025 pounds of lead per hour or less, the next test for that lead point source shall be performed no later than 24 months after the date of the most recent test.
 - (2) The owner or operator of a large lead-acid battery recycling facility with an existing lead control device in operation before November 5, 2010 shall conduct a source test for it no later than January 1, 2011. The owner or operator of a large lead-acid battery recycling facility with a new or modified lead control device with initial start-up on or after November 5, 2010 shall conduct the initial source test for it within 60 calendar days after initial start-up.
 - (3) Prior to the owner or operator of a large lead-acid battery recycling facility conducting a source test pursuant to paragraph (k)(1) or (k)(2), shall submit a pre-test protocol to the Executive Officer for approval at least 60

calendar days prior to conducting the source test. The pre-test protocol shall include the source test criteria of the end user and all assumptions, required data, and calculated targets for testing the following:

- (A) Target lead control standard;
 - (B) Preliminary lead analytical data;
 - (C) Planned sampling parameters; and
 - (D) Information on equipment, logistics, personnel, and other resources necessary for an efficient and coordinated test.
- (4) The owner or operator of a large lead-acid battery recycling facility shall notify the Executive Officer in writing one week prior to conducting any source test required by paragraph (k)(1) or (k)(2).
- (5) The owner or operator of a large lead-acid battery recycling facility shall notify the Executive Officer within three business days, including Mondays, of when the facility knew or should have known of any source test result that exceeds any of the emission standards specified in paragraph (f)(2). Notifications shall be made to 1-800-CUT-SMOG.
- (6) Source tests shall be conducted while operating at a minimum of 80% of equipment maximum capacity and in accordance with any of the following applicable test methods:
- (A) SCAQMD Method 12.1 - *Determination of Inorganic Lead Emissions from Stationary Sources Using a Wet Impingement Train*
 - (B) ARB Method 12 - *Determination of Inorganic Lead Emissions from Stationary Sources*
 - (C) EPA Method 12 - *Determination of Inorganic Lead Emissions from Stationary Sources*
 - (D) ARB Method 436 - *Determination of Multiple Metal Emissions from Stationary Sources*
- (7) The average of triplicate samples, obtained according to approved test methods specified in paragraph (k)(6), shall be used to determine compliance.
- (8) The operator may use alternative or equivalent source test methods as defined in U.S. EPA 40 CFR 60.2, approved in writing by the Executive Officer, the Air Resources Board, and the U.S. EPA.
- (9) The operator shall use a test laboratory approved under the SCAQMD Laboratory Approval Program for the source test methods cited in this

subdivision. If there is no approved laboratory, then approval of the testing procedures used by the laboratory shall be granted by the Executive Officer on a case-by-case basis based on SCAQMD protocols and procedures.

- (10) When more than one source test method or set of source test methods are specified for any testing, the application of these source test methods to a specific set of test conditions is subject to approval by the Executive Officer. In addition, a violation established by any one of the specified source test methods or set of source test methods shall constitute a violation of the rule.
- (11) An existing source test conducted on or after January 1, 2009 for lead control devices existing before November 5, 2010 may be used as the initial source test specified in paragraph (k)(1) to demonstrate compliance with the control standard of subdivision (f) upon Executive Officer approval. The source test shall meet, at a minimum, the following criteria:
 - (A) The test is the most recent conducted since January 1, 2009;
 - (B) The test demonstrated compliance with the control standard of subdivision (f); and
 - (C) The test is representative of the method to control emissions currently in use; and
 - (D) The test was conducted using applicable and approved test methods specified in paragraphs (k)(6), (k)(8), or (k)(9).

(l) New Facilities

The owner or operator of a large lead-acid battery recycling facility beginning construction or operations on or after November 5, 2010 shall:

- (1) Demonstrate to the satisfaction of the Executive Officer that the facility is not located in an area that is zoned for residential or mixed use; and
- (2) Demonstrate to the satisfaction of the Executive Officer that the facility is not located within 1,000 feet from the property line of a sensitive receptor, a school under construction, park, or any area that is zoned for residential or mixed use. The distance shall be measured from the property line of the new facility to the property line of the sensitive receptor.
- (3) Submit complete permit applications for all equipment required by this rule prior to beginning construction or operations, and otherwise on or

before the time required by District rules.

(m) Recordkeeping

- (1) The owner or operator of a large lead-acid battery recycling facility shall keep records of the following:
 - (A) Daily records indicating amounts of lead-containing material processed, including, but not limited to, purchase records, usage records, results of analysis, or other District-approved verification to indicate processing amounts;
 - (B) Results of all ambient air lead monitoring, meteorological monitoring, and other data specified by subdivision (j); and
 - (C) Records of housekeeping activities completed as required by subdivision (h), maintenance activities of subdivision (i), and lead control device inspection and maintenance requirements of paragraph (f)(6), including the name of the person performing the activity, and the dates and times on which specific activities were completed.
 - (D) Records of unplanned shutdowns of any smelting furnace including the date and time of the shutdown, description of the corrective measures taken, and the re-start date and time.
- (2) The owner or operator of a large lead-acid battery recycling facility shall maintain all records for five years, at least two years onsite.

(n) Reporting

- (1) Ambient Air Monitoring Reports
 - (A) Beginning no later than January 1, 2011, the owner or operator of a large lead-acid battery recycling facility shall report by the 15th of each month to the Executive Officer, the results of all ambient air lead and wind monitoring for each preceding month, or more frequently if determined necessary by the Executive Officer. The report shall include the results of individual 24-hour samples and 30-day averages for each day within the reporting period.
 - (B) Any exceedances of ambient air lead concentrations specified in paragraph (d)(2) shall be reported with a notification made to the 1-800-CUT-SMOG within 24 hours of receipt of the completed sample analysis required in paragraph (j)(3), followed by a written

report to the Executive Officer no later than three calendar days after the notification. The written report shall include the causes of the exceedance and the specific corrective actions implemented.

(2) Shutdown, Turnaround, and Maintenance Activity Notification

The owner or operator of a large lead-acid battery recycling facility shall:

- (A) Notify the Executive Officer and the public within one hour after an unplanned shutdown of any lead control device has occurred. The notification shall include the associated processes or equipment vented by the shutdown lead control device. If the unplanned shutdown involves a breakdown pursuant to Rule 430, the breakdown notification report required by Rule 430 shall serve in lieu of this notification to the Executive Officer.
- (B) Notify the Executive Officer and the public at least ten calendar days prior to a planned turnaround or shutdown of any smelting furnace, battery breaker, or lead control device that result in lead emissions. The notification shall specify the subject equipment and the start and end date of the turnaround or shutdown period.
- (C) Notify the Executive Officer at least ten calendar days prior to the beginning of maintenance activity, as defined in paragraph (c)(15), that is conducted routinely on a monthly or less frequent basis. The notification and report required under subparagraph (n)(2)(E) shall include, at a minimum, the following:
 - (i) Dates, times, and locations of activities to be conducted;
 - (ii) Description of activities;
 - (iii) Name of person(s)/company conducting the activities;
 - (iv) Lead abatement procedures, including those specified in subdivision (i), to be used to minimize fugitive lead-dust emissions; and
 - (v) Date of expected re-start of equipment.
- (D) Notify the public at least ten calendar days prior to the beginning of building construction, renovation, or demolition, and resurfacing, repair, or removal of ground pavement, concrete or asphalt if such activities are conducted outside of a total enclosure and generate fugitive lead-dust. The notification shall include, at a minimum, the following:
 - (i) Dates, times, and locations of activities to be conducted;

- (ii) Description of activities;
 - (iii) Date of expected re-start of equipment.
 - (E) Provide the notification to the Executive Officer required under subparagraphs (n)(2)(A), (n)(2)(B), and (n)(2)(C) to 1-800-CUT-SMOG followed by a written notification report to the Executive Officer no later than three business days, including Mondays, after the unplanned shutdown occurred.
 - (F) Provide notification to the public required under subparagraphs (n)(2)(A), (n)(2)(B), and (n)(2)(D) through a facility contact or pre-recorded notification center that is accessible 24 hours a day, 7 days a week, and through electronic mail using a list of recipients provided by the Executive Officer. Another method of notification to the public may be used provided it is approved by the Executive Officer.
 - (G) Install a sign indicating the phone number for the facility contact or pre-recorded notification center that meets the following requirements, unless otherwise approved in writing by the Executive Officer:
 - (i) Installed within 50 feet of the main entrance of the facility and in a location that is visible to the public;
 - (ii) Measures at least 48 inches wide by 48 inches tall;
 - (iii) Displays lettering at least 4 inches tall with text contrasting with the sign background; and
 - (iv) Located between 6 and 8 feet above grade from the bottom of the sign.
- (3) Initial Facility Status Report
 - (A) Initial Facility Status Report Due Date

The owner or operator of a large lead-acid battery recycling facility existing before November 5, 2010 shall submit an initial facility status report to the Executive Officer no later than January 1, 2011. Large lead-acid battery recycling facilities beginning construction or initial operations after November 5, 2010 shall submit the initial compliance status report upon start-up.
 - (B) The initial facility status report shall contain the information identified in Appendix 1.
- (4) Ongoing Facility Status Report

The owner or operator of a large lead-acid battery recycling facility shall submit a summary report to the Executive Officer to document the ongoing facility status.

(A) Frequency of Ongoing Facility Status Reports

The report shall be submitted annually on or before February 1 for all sources and shall include information covering the preceding calendar year.

(B) The content of ongoing facility status reports shall contain the information identified in Appendix 2.

(5) Adjustments to the Timeline for Submittal and Format of Reports

The Executive Officer may adjust the timeline for submittal of periodic reports, allow consolidation of multiple reports into a single report, establish a common schedule for submittal of reports, or accept reports prepared to comply with other state or local requirements. Adjustments shall provide the same information and shall not alter the overall frequency of reporting.

- (o) On and after July 1, 2011, if emission are discharged into the atmosphere which contribute to ambient air concentrations of lead that exceed $0.12 \mu\text{g}/\text{m}^3$, averaged over any 30 consecutive days, determined by monitors pursuant to subdivision (j) or at any District-installed monitor, the owner or operator of a large lead-acid battery recycling facility shall submit a study addressing the technical, economic and physical feasibility of achieving a total facility mass lead emission rate of 0.003 pounds per hour from all lead point sources. The study shall be submitted within 30 calendar days after exceeding $0.12 \mu\text{g}/\text{m}^3$, averaged over any 30 consecutive days.

Appendix 1 – Content of Initial Facility Status Reports

Initial compliance status reports shall contain, at a minimum, the following information:

1. Facility name, District Facility ID number, facility address, owner/operator name, and telephone number.
2. The distance from the property line of the facility to the property line of the nearest commercial/industrial building and sensitive receptor.
3. Worker and sensitive receptor locations, if they are located within one-quarter mile from the center of the facility.
4. Building parameters
 - Stack heights in feet (point sources); or
 - Building area in square feet (volume sources).
5. A description of the types of lead processes performed at the facility.
6. The following information shall be provided for each of the last five calendar years prior to November 5, 2010:
 - Annual amount of lead-containing material processed;
 - The maximum and average daily and monthly operating schedules;
 - The maximum and average daily and monthly lead-processing rates for all equipment and processes;
 - The maximum and average daily and annual emissions of lead from all emission points and fugitive lead-dust sources.
7. The approximate date of intended source tests for all lead control devices, as required by subdivision (k) of this rule.
8. Engineering drawings, calculations or other methodology to demonstrate compliance with paragraphs (d)(1) through (d)(3) and (k).
9. Air dispersion modeling calculations using procedures approved by the Executive Officer to determine the location of sampling sites as required by subdivision (j).
10. All information necessary to demonstrate means of compliance with subdivision (j).
11. The name, title, and signature of the responsible official certifying the accuracy of the report, attesting to whether the source has complied with the provisions of this rule.
12. The date of the report.

Appendix 2 – Content of Ongoing Facility Status Reports

Ongoing facility status reports shall, at a minimum, contain the following information:

1. Facility name, District Facility ID number, facility address, owner/operator name, and telephone number.
2. The beginning and ending dates of the calendar year for the reporting period.
3. The following information shall be provided for each of the last 12 calendar months of the reporting period:
 - Annual amounts of lead-containing material processed;
 - The maximum and average daily and monthly lead-processing rates for all equipment and processes;
 - The maximum and average daily and annual emissions of lead from all emission points and fugitive lead-dust sources.
4. Worker and sensitive receptor distances, if they are located within ¼ of mile from the center of the facility and facility maximum operating schedule, if changed since submittal of the initial compliance status report or prior year's ongoing compliance status and emission reports.
5. A description of any changes in monitoring, processes, or controls since the last reporting period.
6. The name, title, and signature of the responsible official certifying the accuracy of the report.
7. The date of the report.

5/8/01

(Adopted March 16, 2001)

RULE 1612.1. MOBILE SOURCE CREDIT GENERATION PILOT PROGRAM

(a) Purpose

The purpose of this rule is to provide opportunities to generate NO_x mobile source emission reduction credits (MSERCs) for use in RECLAIM through the voluntary replacement of diesel-fueled heavy-duty vehicles or yard hostlers, with clean technologies.

(b) Applicability

(1) This rule applies to persons who voluntarily elect to generate NO_x MSERCs, for use in RECLAIM pursuant to Rule 2008 – Mobile Source Credits through the replacement of diesel-fueled heavy-duty Class 7 or 8 captive vehicles, or yard hostlers operated exclusively within the district with new similar-type vehicles using clean technologies.

(2) This rule does not apply to any:

(A) emission reductions produced by monies from any public air quality related funding program including but not limited to Rule 2202, the Carl Moyer Memorial Air Quality Standards Attainment Program, or AB2766 funding;

(B) emission reductions required pursuant to any law, rule, or regulation, or legal instrument such as a legal settlement or consent decree; or

(C) vehicle that is subject to the requirements of any Rule 1190 series rule.

(c) Definitions

(1) ACTIVITY LEVEL (AL) means the number of miles traveled, fuel consumed, or hours of operation per year within the District.

(2) APPLICATION means the Rule 1612.1 MSERC Application as specified in subdivision (e).

(3) BASELINE EMISSION FACTOR (EF_{base}) means the emission factor used to quantify annual emissions from a new diesel-fueled heavy-duty vehicle or yard hostler that would have been purchased if the clean technology powered vehicle was not purchased.

(4) CAPTIVE VEHICLE means a heavy-duty Class 7 or 8 diesel-fueled on-road vehicle that is operated exclusively within the district during the

credit generation period and provides a service other than transporting passengers, with the exception of vehicle maintenance that requires the vehicle to be serviced outside of district boundaries one-time per calendar year and the vehicle is not hauling or transporting freight upon leaving and returning to the district.

- (5) CLEAN TECHNOLOGIES means any low-emission technology certified by CARB using compressed or liquefied natural gas, liquefied petroleum gas, electric power, or dual-fueled engines.
- (6) CREDIT GENERATION PERIOD means the timeframe that MSERCs are being generated and begins on the date that the requirements of subdivision (d) are met and can extend no longer than the lifetime of the original replacement vehicle, except as provided in subdivision (i).
- (7) CREDIT ISSUANCE PERIOD means the timeframe for which MSERCs are issued and begins on the date that the requirements of subdivision (h) are met.
- (8) DIESEL FUEL means any fuel that is commonly known as diesel fuel No. 1-D or 2-D, or meets the specifications in ASTM D 975, Standard Specifications for Diesel Fuel Oils.
- (9) DISTRICT means the geographical area defined by Rule 103 – Definition of Geographical Area.
- (10) DUAL-FUEL ENGINE means an engine that is designed to operate simultaneously on compressed or liquefied natural gas and diesel fuel.
- (11) EVALUATION YEAR means the first year and subsequent years thereafter as determined pursuant to paragraph (g)(3) during which the AQMD, CARB, and EPA will assess whether MSERCs may continue to be generated or if a portion or all future MSERCs need to be discontinued or discounted to ensure credits remain surplus.
- (12) HEAVY-DUTY CLASS 7 OR 8 VEHICLE means any on-road vehicle having a gross vehicle weight of greater than 26,000 pounds.
- (13) MOBILE SOURCE EMISSION REDUCTION CREDIT (MSERC) means for the purpose of this rule, emission reduction credits that meet the requirements of this rule and are issued as specified in subdivision (h).
- (14) OPTIONAL EMISSION FACTOR (EF_{opt}) means the emission factor certified by CARB used to quantify annual emissions for the replacement vehicle.

- (15) RECLAIM FACILITY means any stationary source subject to Regulation XX, pursuant to Rule 2001 - Applicability.
- (16) REFUSE COLLECTION VEHICLE means any heavy-duty Class 7 or 8 vehicle used expressly for collecting solid waste from residential or commercial establishments and generally operates on fixed routes.
- (17) REPLACEMENT OR REPLACE means for the purpose of this rule, the complete removal of a preexisting vehicle from service and substitution with a vehicle using a clean technology.
- (18) RETIRE OR RETIRED means that the credit, regardless of the expiration date of the credit, can no longer be transferred or used.
- (19) SURPLUS means that emission reductions achieved throughout the duration of the emission reduction activity that are not required or relied upon by any local, state, or federal rule, or regulation, and the federal Clean Air Act; and are not required or relied upon in an attainment demonstration, reasonable further progress demonstration, or emissions inventory thereby ensuring that there is no double counting of emission reductions.
- (20) VEHICLE means for the purpose of this rule, either a heavy-duty Class 7 or 8 captive vehicle, including a refuse collection vehicle, or a yard hostler subject to this rule.
- (21) YARD HOSTLER means a tractor less than 300 hp which is used to transfer semi-truck or tractor-trailer containers in and around storage, transfer, or distribution yards or areas and is often equipped with a hydraulic lifting fifth wheel for connection to trailer containers.

(d) Credit Generator Requirements

Any person who elects to generate MSERCs under this rule shall meet the following requirements:

- (1) Replace existing diesel-fueled vehicles with new vehicles of similar vehicle type, performing a similar function, powered by clean technologies where the engines are certified to meet a CARB NO_x optional credit standard that is at or below the NO_x maximum optional emission factors shown in Table 1 – Evaluation Year and NO_x Baseline and Optional Emission Factors;

- (2) Demonstrate that the purchase contract for acquisition of the new replacement vehicles is signed no earlier than January 1, 2001 and that vehicle deliveries do not occur prior to March 16, 2001;
- (3) Demonstrate that the new replacement vehicles are captive vehicles;
- (4) Submit an Application as specified in subdivision (e); and
- (5) Demonstrate compliance with the monitoring, recordkeeping, and reporting requirements specified in subdivision (j).

(e) Application

- (1) Any person who elects to generate MSERCs under this rule shall submit an Application to the District no later than 30 days after delivery of the replacement vehicles and before January 1, 2004 unless otherwise determined by both CARB and EPA to be before January 1, 2003. The Application shall include the following:
 - (A) A description of the replacement project, including, at a minimum, the vehicle model(s), model year(s), and applicable conversion factors, and baseline and optional emission factors;
 - (B) The county or counties where the replacement vehicle will be used during the credit generation period;
 - (C) The location where the replacement vehicle is parked or garaged when not in service;
 - (D) The initial service date of each new replacement vehicle which is a date after the existing diesel-fueled vehicle is replaced that would represent the beginning of the credit generation period;
 - (E) Documentation showing the date of purchase for the new replacement vehicle such as a signed purchase agreement;
 - (F) Identification of the intended user(s) of the MSERCs, if available;
 - (G) The historical annual average activity level for replaced captive vehicles for the previous calendar two-year period; and
 - (H) Designation of the RECLAIM Compliance Cycle for each vehicle for the initial and each annual credit generation period for the entire credit generation period.
 - (I) The projected activity level for the initial credit generation period and the projected annual activity level after the initial credit generation period which coincides with either RECLAIM Compliance Cycle 1 or 2, up to the evaluation year, not to exceed a

five-year credit generation period. The projected activity level for any single new replacement vehicle should not exceed 120% of the most recent two-year historical annual average activity level specified in subparagraph (e)(1)(G).

- (2) If the initial service date, as specified in subparagraph (e)(1)(D) of the new replacement vehicle is before the Application is approved, the Application shall include the following additional information:
 - (A) Proof of delivery for the new replacement vehicles;
 - (B) Proof of transfer of ownership of the replaced vehicles with the location and identity of the new owner(s), along with a copy of a written notification informing the new owner that the replaced vehicle must not be operated, sold, or otherwise transferred or delivered in the district or in Ventura or Santa Barbara Counties;
 - (C) Proof of removal from service for the replaced vehicles which are not sold or otherwise transferred to a new owner by providing a Certificate of Planned Non-operation from the California Department of Motor Vehicles, along with the location and final odometer reading of the vehicle;
 - (D) Proof of destruction of the replaced vehicle such as a copy of the Report of Vehicle to be Dismantled from the California Department of Motor Vehicles, for replaced vehicles not otherwise sold, transferred or certified as non-operational;
 - (E) Written certification or signed declaration from the credit generator that any vehicle that is not sold, scrapped, or otherwise transferred to a new owner or location outside the district has not been, and will not be operated within the district or in Ventura or Santa Barbara Counties during the credit generation period; and
 - (F) Vehicle identification numbers and engine serial numbers of each replacement vehicle.

- (3) If the initial service date, as specified in subparagraph (e)(1)(D) is after the Application is approved, the credit generator shall provide information specified under subparagraph (e)(2)(A) through (e)(2)(F) prior to credit issuance pursuant to paragraph (h)(1).
 - (4) The Application shall be deemed a plan, and plan fees shall be assessed in accordance with Rule 309 – Fees For Regulation XVI.
 - (5) The Executive Officer shall approve or disapprove the Application, and any subsequent revisions submitted pursuant to paragraph (e)(6), in writing within 90 days of submittal of a complete Application or Application revision.
 - (6) Notwithstanding subparagraph (e)(7), any person that submits an Application may amend the Application to:
 - (A) revise information provided under subparagraphs (e)(1)(A) through (e)(1)(G) at any time;
 - (B) revise the original projected activity levels specified in subparagraph (e)(1)(I) no later than 30 days for the initial credit generation period and 180 days for the annual credit generation period after the beginning eligibility credit issuance date pursuant to subparagraph (h)(2)(B) of the MSERCs; or
 - (C) remove a vehicle from the Application, provided the credit generator retires MSERCs or MSERCs converted into RTCs to cover reductions projected for that vehicle for the entire current and subsequent credit generation periods in which the replaced vehicle would have generated credits.
 - (7) An Application shall not be amended to add a vehicle that is removed from the Application pursuant to subparagraph (e)(6)(C) until the following annual credit generation period.
 - (8) The credit generation period shall begin no earlier then the date the Application is received by the district.
- (f) MSERC Quantification
- (1) MSERCs for captive vehicles using fuel consumption or miles traveled as unit of measurement of the activity level shall be quantified using the following equation:

$$\text{MSERC} = [(\text{EF}_{\text{base}} - \text{EF}_{\text{opt}}) \times \text{DFA} \times \text{CF} \times \text{AL}] / 454$$

Where

- MSERC = Mobile source emission reduction credit (pounds)
- DFA = Dual-fuel adjustment equal to 0.7 for the purchase and operation of dual-fueled heavy-duty Class 7 or 8 vehicles, unless otherwise demonstrated through manufacturer's data or testing and approved by the Executive Officer, CARB, and EPA, and equal to 1.0 in all other cases
- EF_{base} = Baseline emission factor (g/bhp-hr)
- EF_{opt} = Optional emission factor (g/bhp-hr)
- CF = Conversion factor associated with the fuel used to transform EF_{base} and EF_{opt} into appropriate units consistent with the activity level monitored (bhp-hr/mile, bhp-hr/gal, or bhp-hr/ft³)
- AL = Activity level (mile, gal, or ft³)

- (2) MSERCs for captive vehicles using hours of operation as the unit of measurement for the activity level shall be quantified using the following equation:

$$MSERC = \frac{[(EF_{base} \times HP_{base} \times LF_{base}) - (EF_{opt} \times HP_{opt} \times LF_{opt})] \times AL}{454}$$

Where

- MSERC = Mobile source emission reduction credit (pounds)
- EF_{base} = Baseline emission factor (g/bhp-hr)
- EF_{opt} = Optional emission factor (g/bhp-hr)
- HP_{base} = Horsepower of the replaced engine (hp)
- HP_{opt} = Horsepower of the replacement engine (hp)
- LF_{base} = Load factor of the replaced vehicle
- LF_{opt} = Load factor of the replacement vehicle
- AL = Activity level (hour)

- (3) The load factors used for the replaced and replacement vehicles shall be equal to 0.43 unless otherwise demonstrated and approved in writing by the Executive Officer, CARB, and EPA.
- (4) The projected and actual activity level used to quantify the MSERCs shall be determined from the information submitted pursuant to subdivisions (e)

- and (j), respectively. MSERCs shall be quantified using fuel consumption as the activity level for purposes of issuing credits for all vehicles.
- (5) To quantify MSERCs, the credit generator shall use the values of baseline and maximum optional emission factors in Table 1 – Evaluation Year and Baseline and Optional Emission Factors based on the date of vehicle delivery.
 - (6) For yard hostlers the baseline emission factor shall represent the value certified to the on-road emission standards. The baseline emission factor for off-road emission standards as shown in Table 1 may be used provided the credit generator:
 - (A) provides historic captive vehicle records that demonstrate their existing yard hostlers are powered by off-road engines; and
 - (B) demonstrates that the replaced yard hostler(s) are powered by engine(s) subject to the off-road emission standards.
 - (7) Notwithstanding paragraph (f)(5), a credit generator may use a lower optional emission factor provided that the new engine is certified to a CARB NO_x optional credit standard that is lower than the maximum optional emission factor for the applicable category shown in Table 1 and EPA concurs with the CARB certification.
 - (8) The conversion factors listed in Table 2 - Conversion Factors shall be used to quantify MSERCs based on the appropriate activity level monitored during the credit generation period.
- (g) Source Category Evaluation
- (1) Six months prior to the end of the evaluation year, the Executive Officer with CARB and EPA shall complete an evaluation on Class 7 and 8 vehicles and yard hostlers and agree whether future MSERCs need to be either discontinued or discounted to ensure credits remain surplus.
 - (2) The evaluation shall include, but is not limited to, an assessment of current and future local, state, and federal rules and regulations affecting each source category.
 - (3) After the initial evaluation year, the evaluation performed in paragraph (g)(1) shall be completed on a timeframe as agreed to by the AQMD, CARB, and EPA, but not more than once per year.

- (4) Subsequent evaluations performed pursuant to paragraph (g)(3) shall be completed at least six months prior to end of each evaluation period specified in paragraph (g)(3), for the remainder of the pilot program.
 - (5) No future MSERCs shall be issued if the evaluation is not completed or the AQMD, CARB and EPA do not agree on whether future MSERCs need to be discontinued or the amount that the MSERCs need to be discounted.
- (h) Credit Issuance
- (1) The Executive Officer shall issue MSERCs provided the credit generator has written approval of the Application and has provided the information specified in subparagraphs (e)(2)(A) through (e)(2)(F):
 - (2) The Executive Officer shall issue MSERCs:
 - (A) in pounds of NO_x for the amount indicated in the approved Application in one-year increments;
 - (B) designated with a beginning and ending date based on the date of credit issuance;
 - (C) for the number of annual credit issuance periods up to December 31 of the evaluation year shown in Table 1 and shall be based on the annual projected activity level specified in subparagraph (e)(1)(I); and
 - (D) discounted upon issuance by:
 - (i) nine percent which will be retired for the benefit of the environment; and
 - (ii) one percent which will either fund the Rule 518.2 – Federal Alternative Operating Conditions offset program, or if Rule 518.2 funding is not needed, be retired for the benefit of the environment.
 - (3) Any reductions other than NO_x that result from implementation of projects subject to this rule shall be for the benefit of the environment and ineligible for transfer or use.
 - (4) The actual amount of MSERCs issued shall be based on the approved Application, or any subsequent verification by the Executive Officer.
 - (5) Notwithstanding Rule 2008 – Mobile Source Credits, MSERCs converted to RTCs shall be issued for either RECLAIM Compliance Cycle 1 or 2 provided that each annual credit generation period coincides with the

entire cycle selected. If the initial credit generation period begins prior to the start of a complete RECLAIM Compliance Cycle, that portion of MSERCs converted to RTCs shall be issued for the current or previous cycle provided that this initial credit generation period is fully contained within the cycle selected.

- (6) Any MSERCs not used by the specified expiration date shall be retired to benefit the environment and be ineligible for transfer or use.
- (i) Loss or Malfunction
- (1) If any replacement vehicle identified in the Application is itself replaced due to loss or a malfunction that is not a result of normal use during the current credit generation period, the credit generator shall replace the vehicle with an engine certified to meet or be below the lower of the following:
 - (A) The maximum optional emission factor used for the originally replacement vehicle; or
 - (B) The maximum optional emission factor that is currently in effect at the time of replacement due to loss or malfunction as specified in Table 1; and
 - (2) The credit generator shall be responsible for obtaining credits and surrendering them to the Executive Officer to make up any potential shortfall in credits according to the reconciliation procedures of subdivision (k) as a result of the following:
 - (A) any vehicle that is stolen, destroyed, or malfunctions after 10 years from the initial credit issuance date;
 - (B) any vehicle that is not replaced pursuant to paragraph (i)(1); and/or
 - (C) any reduction in activity level during the replacement of the stolen, destroyed, or malfunctioning vehicle.
 - (3) Notwithstanding the requirements of paragraph (i)(2), no additional MSERCs shall be issued:
 - (A) due to the replacement vehicle having a lower optional emission factor than that used for the original vehicle; or
 - (B) for use of the replacement vehicle beyond 2006 for the current credit generation period, or the last year of the current credit generation period that surplus emission reductions have been issued.

- (j) Monitoring, Recordkeeping, and Reporting
 - (1) For all replacement vehicles identified in the approved Application, credit generators shall monitor and maintain quarterly records of the following activity levels:
 - (A) Class 7 and 8 Vehicles and Refuse Collection Vehicles
 - (i) miles traveled per vehicle; and
 - (ii) gallons or cubic feet of fuel consumed per vehicle
 - (B) Yard Hostlers
 - (i) hours of operation as measured by an hour meter; and
 - (ii) gallons or cubic feet of fuel consumed per vehicle
 - (2) For each vehicle, credit generators shall maintain quarterly records of:
 - (A) the location where the vehicle is parked or garaged, when not in service;
 - (B) the vehicle engine identification number, model, model year, and serial number;
 - (C) vehicle loss, sale, lease, repower, or engine overhaul;
 - (D) when a vehicle is replaced due to loss or malfunction, identification of each replaced and replacement vehicle and engine including vehicle and engine model and model year, identification, and serial number;
 - (E) when a vehicle is sold or leased, identification and location of new owner or lease;
 - (F) any emission test results completed to verify or certify a participating engine; and
 - (G) when a vehicle is transferred out of the district for maintenance service, the type of service performed, the date the vehicle leaves and returns to the district, the odometer reading before leaving and upon returning to the district, and a signed declaration that the vehicle did not haul or transport freight upon leaving and returning to the district.
 - (3) Within 30 days after the end of each twelve-month credit generation period, the credit generator shall submit:
 - (A) the activity level specified in paragraph (j)(1) for the previous twelve-month credit generation period; and
 - (B) the information specified in paragraph (j)(2) if any vehicle identified in the Application is replaced, lost, sold, leased,

- repowered, transferred across district boundaries for maintenance purposes, or the engine is overhauled.
- (C) the operation status of any vehicle which has been certified as being non-operational pursuant to subparagraph (e)(2)(C) along with the vehicles' odometer reading.
- (4) Notwithstanding paragraph (j)(3), if the initial credit generation period begins prior to the start of a complete RECLAIM Compliance Cycle as specified in subparagraph (e)(1)(H) and is three months or less, the credit generator shall submit the information specified in paragraph (j)(3) within 30 days after the end of the annual credit generation period following the initial credit generation period. For an initial credit generation period that is greater than three months, the credit generator shall submit the information specified in paragraph (j)(3) within 30 days after the end of the initial credit generation period.
- (5) The credit generator shall provide proof of transfer of ownership within 30 days of transfer of ownership for any vehicles receiving a Certificate of Planned Non-Operation which is sold or transferred to a new owner at some future date during the credit generation period along with a copy of a written notification informing the new owner that the replaced vehicle must not be operated, sold, or otherwise transferred or delivered in the district or in Ventura or Santa Barbara Counties;
- (6) If the evaluation performed under subdivision (g) indicates that a portion or all future MSERCs are surplus, and if the credit generator elects to continue generating MSERCs, at least 60 days before the end of the evaluation year shown in Table 1, the credit generator shall submit the projected annual activity level for the following credit generation period, not to exceed five years.
- (k) Annual Reconciliation
- (1) The actual activity level submitted pursuant to paragraphs (j)(3) and (j)(4) shall be reviewed by the Executive Officer upon submittal to evaluate if any shortfall exists between the actual activity level and the projected activity level submitted pursuant to subparagraphs (e)(1)(I), or (e)(6)(B), and paragraphs (j)(3) and (j)(4).

- (2) If a shortfall exists between the actual and projected activity levels, the credit generator and user are subject to the penalty provisions specified under subdivision (m).
- (3) If the actual activity level exceeded the projected activity level, then the Executive Officer shall, after performing the evaluation required by paragraph (k)(1), issue additional MSERCs equal to the amount of the increase and pursuant to subdivision (h) for use in the RECLAIM Compliance Cycle that ends no later than six months from the last day of the credit generation period of which the increase in activity level occurred.

(l) Credit Use

MSERCs generated under this rule may be used as RTCs under the provisions of Regulation XX – Regional Clean Air Incentive Market (RECLAIM).

(m) Penalties

- (1) If a shortfall exists pursuant to paragraph (k)(1), credits equal to 110 percent of the shortfall shall be obtained and surrendered to the Executive Officer such that the applicant shall retire NO_x MSERCs generated under the same or different Application or RTCs that are approved and designated for use within the same RECLAIM cycle or if not available, from the next RECLAIM cycle.
 - (A) disapprove the Application and void all previously issued MSERCs, and those already converted to RTCs, that have not yet expired;
 - (B) designate the applicant to be ineligible to generate MSERCs; or
 - (C) assess the penalty specified in paragraph (m)(1).
- (2) Any person submitting an Application who falsifies information in the Application or fails to implement any provision of the Application, shall be subject to the penalties specified in the Health and Safety Code for violation of District rules and shall be grounds for the Executive Officer to take one or more of the following actions:
 - (A) disapprove the Application and void all previously issued MSERCs, and those already converted to RTCs, that have not yet expired;
 - (B) designate the applicant to be ineligible to generate MSERCs; or
 - (C) assess the penalty specified in paragraph (m)(1).
- (3) If the shortfall cannot be reconciled through paragraph (m)(1), any person who uses MSERCs or MSERCs converted into RTCs generated under this rule at a RECLAIM facility where there is a shortfall in emission reductions or where previously issued MSERCs, and those already

converted to RTCs, that have not yet expired are voided, shall be subject to the provisions specified in Rule 2010 – Administrative Remedies and Sanctions for RECLAIM rule violations. If there are multiple credit holders or users of credits generated under the same Application, each holder or user shall retire MSERCs or RTCs according to their prorated share of credits purchased.

(n) Program Review

- (1) On or before March 2002 and biannually thereafter, the Executive Officer shall complete a review and present a report to the Governing Board that includes but not be limited to the following information:
 - (A) General description of projects participating in the pilot program and the amount of NO_x MSERCs, including the amount converted to RTCs, generated under the pilot program;
 - (B) The location of the credit generation projects and facilities using RTCs under this pilot program;
 - (C) The amount of NO_x MSERCs retired to benefit the environment; and
 - (D) The amount of concurrent non-NO_x emission reductions such as PM and toxic air contaminants, generated under the pilot program that have been retired to benefit the environment.

Table 1
Evaluation Year and NO_x Baseline and Optional Emission Factors

Category	(Vehicle Delivered prior to 10/01/02) (g/bhp-hr)		(Vehicle Delivered on or after 10/01/02) (g/bhp-hr)		Evaluation Year
	NO _x Baseline Emission Factor	NO _x Maximum Optional Emission Factor	NO _x Baseline Emission Factor	NO _x Maximum Optional Emission Factor	
Refuse Collection Vehicles	4.4	2.5	2.0	1.8	2006
Other On-Road Heavy-Duty Vehicles	4.0	2.5	2.0	1.8	2006
Yard Hostlers ¹ With Existing On-Road Engines	4.0	2.5	2.0	1.8	2006
Yard Hostlers ² With Existing Off-Road Engines					
Below 175 hp ³	6.9	2.5	6.9	1.8	2006
175 hp to 299 hp ³	5.8	2.5	5.8	1.8	2006

- Engines subject to emission standards contained in Title 13, California Code of Regulations, Sections 1950-1978
- Engines subject to emission standards contained in Title 13, California Code of Regulations, Sections 2420-2427 or 40 CFR Part 89
- Engines with a horsepower rating of 100 hp to 299 hp delivered on and after January 1, 2003 shall have a NO_x baseline emission factor of 4.6 g/bhp-hr.

Table 2
Conversion Factors

Activity Level Monitored	Conversion Factor
Miles Traveled (Class 7)	2.3 bhp-hr/mile
Miles Traveled (Class 8)	2.6 bhp-hr/mile
Cubic Feet of CNG	0.1342 bhp-hr/ft ³
Gallons of LNG	11.07 bhp-hr/gal

(Adopted May 11, 2001)(Amended October 4, 2002)

RULE 1631. PILOT CREDIT GENERATION PROGRAM FOR MARINE VESSELS

(a) Purpose

The purpose of this rule is to provide opportunities to generate NO_x mobile source emission reduction credits (MSERCs) for use in RECLAIM through the voluntary repowering or engine remanufacturing of diesel-fueled marine vessels.

(b) Applicability

- (1) This rule applies to persons who voluntarily elect to generate NO_x MSERCs, which may be used in RECLAIM pursuant to Rule 2008 – Mobile Source Credits through the repowering or engine remanufacturing of diesel-fueled captive marine vessels with engines having emissions that are at or below a specified emission standard.
- (2) This rule does not apply to any:
 - (A) emission reductions produced by monies from any public air quality related funding program including but not limited to Rule 2202, the Carl Moyer Memorial Air Quality Standards Attainment Program, or AB2766 funding;
 - (B) emission reductions required pursuant to any law, rule, or regulation, or legal instrument such as a legal settlement or consent decree; or
 - (C) emission reductions from a marine engine included in the Certification, Averaging, Banking, and Trading Provisions specified in 40 CFR Part 94, Subpart D.

(c) Definitions

- (1) ACTIVITY LEVEL (AL) means for the purpose of this rule, the number of gallons of fuel consumed per year.
- (2) APPLICATION means for the purpose of this rule, the Rule 1631 MSERC Application as specified in subdivision (e).
- (3) BASELINE EMISSION FACTOR (EF_{base}) means the emission factor, used to quantify annual emissions from a diesel-fueled marine vessel engine prior to repowering or engine remanufacture as determined pursuant to paragraph (f)(3).

- (4) CAPTIVE MARINE VESSEL means a marine vessel that exclusively operates within district waters at all times during the credit generation period, except as allowed pursuant to paragraphs (d)(2) and (d)(3).
- (5) CREDIT GENERATION PERIOD means the timeframe that MSERCs are being generated and begins on the date that the requirements of subdivision (d) are met and can extend no longer than June 30, 2005. The first segment of the credit generation period, which may be 12 months or less, is referred to as the “initial credit generation period” and each 12 month segment of the credit generation period thereafter, is referred to as the “annual credit generation period.”
- (6) CREDIT ISSUANCE PERIOD means the timeframe that MSERCs are issued and begins on the date that the requirements of subdivision (g) are met.
- (7) DIESEL FUEL means any fuel that is commonly known as diesel fuel No. 1-D or 2-D, or meets the specifications in ASTM D 975, Standard Specifications for Diesel Fuel Oils.
- (8) DISTRICT WATERS means the overwater boundaries extending out 25 nautical miles perpendicular from the northernmost coastal intersection point of Los Angeles County and southernmost coastal intersection point of Orange County.
- (9) ENGINE REMANUFACTURE OR REMANUFACTURING means the replacement of all marine engine components from an existing 500 or greater horsepower marine engine, except the original engine block, with new applicable factory certified components including, but not limited to fuel injectors with built-in timing systems, compressors and turbochargers, blowers, intercoolers, pistons, liners, bearings, camshafts, camshaft bearings and shells, dampers, fuel pumps, and oil and fuel filters.
- (10) GLOBAL POSITIONING SYSTEM OR GPS means a satellite-based radionavigation receiver capable of providing the time and position of a unit.
- (11) MARINE ENGINE means a compression-ignited internal combustion engine used for propulsion on a marine vessel that is greater than or equal to 130 kilowatts (175 horsepower) and having a specific engine displacement less than 30 liters per cylinder.
- (12) MARINE VESSEL means for the purpose of this rule, any tug boat, tow boat, push boat, passenger/excursion boat, lighter barge, work boat, supply boat, crew boat, utility boat, passenger ferry, barge, dredge, or commercial fishing boat.

- (13) MOBILE SOURCE EMISSION REDUCTION CREDIT (MSERC) means for the purpose of this rule, emission reduction credits that meet the requirements of this rule and are issued as specified in paragraph (g)(2).
 - (14) NEW MARINE ENGINE means a marine engine that has never before been installed on a marine vessel, or any other mobile or stationary source and where the equitable or legal title to the engine has never been transferred to an ultimate purchaser.
 - (15) OPTIONAL EMISSION FACTOR (EF_{opt}) means for the purpose of this rule, the emission factor used to quantify annual emissions from a marine vessel after repowering or engine remanufacture as determined under paragraph (f)(4).
 - (16) RECLAIM FACILITY means any stationary source subject to Regulation XX, pursuant to Rule 2001 – Applicability.
 - (17) REPOWER OR REPOWERING means the replacement of an existing marine engine with a new marine engine having emissions that meet a specified emission standard.
 - (18) RETIRE OR RETIRED means that the credit, regardless of the expiration date of the credit, can no longer be transferred or used.
 - (19) SURPLUS means that emission reductions achieved throughout the duration of the emission reduction activity that are not required or relied upon by any local, state, or federal rule, or regulation, and the federal Clean Air Act; and are not required or relied upon in an attainment demonstration, reasonable further progress demonstration, or emissions inventory thereby ensuring that there is no double counting of emission reductions.
- (d) Credit Generator Requirements
- (1) Any person that elects to generate MSERCs under this rule shall meet all of the following requirements:
 - (A) Repower existing diesel-fueled marine vessels with new marine engines or remanufacture existing marine engines, to meet an optional emission factor specified in paragraph (f)(4), prior to January 1, 2004;
 - (B) Demonstrate that each marine vessel is equipped with GPS or another method that is approved by the District, CARB, and EPA that is capable of monitoring and recording that the marine vessel is operated within the district waters at all times during the credit generation period;

- (C) Demonstrate that the purchase contract for acquisition of the new marine engine used for repowering is signed no earlier than October 1, 2000, and that the new marine engine is not installed prior to May 11, 2001 or for new components used in engine remanufacturing signed and installed no earlier than October 4, 2002;
 - (D) Demonstrate that the marine vessel is a captive marine vessel during the credit generation period, except as provided for in paragraphs (d)(2) and (d)(3);
 - (E) Submit an Application as specified in subdivision (e);
 - (F) Demonstrate compliance with the monitoring, recordkeeping, and reporting requirements specified in subdivision (h); and
 - (G) Perform engine maintenance and service on remanufactured engines according to the original equipment manufacturer's schedule of recommended engine maintenance and service submitted in subparagraph (e)(1)(L).
- (2) A marine vessel may travel beyond the boundaries of the district waters no more than twice per calendar year and only for the purpose of maintenance or repair. In order for this provision to apply, the following requirements must be met and documented:
- (A) The credit generator documents any travel beyond district waters as specified in paragraph (h)(6) and submits the documentation with the information specified in paragraphs (h)(3) and (h)(4);
 - (B) The credit generator provides a signed declaration that the marine vessel did not conduct any commercial activities during the travel time outside district waters and submits the declaration with the information specified in paragraphs (h)(3) and (h)(4); and
 - (C) The activity level attributable to travel beyond the district waters is not included in the data and information submitted to the district as specified in paragraphs (h)(3) and (h)(4).
- (3) The requirements of paragraph (d)(2) are effective as of October 4, 2002 for any participating marine vessels repowered or remanufactured on or after May 11, 2001.

(e) Application

(1) Any person that elects to generate MSERCs under this rule shall submit an Application to the District no later than 30 days after repowering the marine vessel or engine remanufacture and before January 1, 2004. The Application shall include the following:

- (A) A description of the repower or engine remanufacture project, including, at a minimum, the marine vessel name, marine vessel identification number, marine vessel type, owner, and for both the original and replacement engine, the engine make, engine model, engine model year, engine serial number, horsepower, injection timing, and engine speed;
- (B) Identification of the geographic area served by the marine vessel during the credit generation period;
- (C) Identification of the location where the participating marine vessel is anchored or docked when not in service;
- (D) Documentation showing the date of purchase and installation for the new marine engine or date of remanufacture;
- (E) In-use source test data for establishing the baseline emission factor pursuant to paragraph (f)(3), in units of either grams of NO_x per kilowatt-hour (g/kW-hr) or grams of NO_x per brake horsepower-hour (g/bhp-hr) that demonstrates compliance with paragraph (f)(3);
- (F) In the case of new marine engines, engine manufacturers emission test data, or in the case of engine remanufacturing, in-use source test data according to the protocols specified in subparagraph (f)(3)(B), for establishing the optional emission factor pursuant to paragraph (f)(4), in units of either g/kW-hr or g/bhp-hr, and all necessary conversion factors for the new marine engine used in the repowering or remanufactured engine that demonstrates compliance with subparagraph (d)(1)(A);
- (G) The projected initial service date of the participating captive marine vessel that would represent the beginning of the credit generation period;
- (H) Identification of the intended user(s) of the MSERCs, if available.

- (I) The historical annual average activity level for the participating captive marine vessel for the previous calendar two-year period;
 - (J) Designation of the RECLAIM Compliance Cycle for each marine vessel for the initial and each annual credit generation period through the entire credit generation period.
 - (K) The projected activity level for the initial credit generation period and the projected annual activity level after the initial credit generation period which coincides with either RECLAIM Compliance Cycle 1 or 2, up to June 30, 2005. The projected activity level for any participating marine vessel should not exceed 120% of the most recent two-year historical annual average activity level specified in subparagraph (e)(1)(I).
 - (L) For engine remanufacturing, a written certification from the original equipment manufacturer (OEM) or its authorized agent that all engine components are new, except for the original engine block, along with the remanufactured engine's serial number and horsepower, and the OEMs schedule of recommended engine maintenance and service.
- (2) If the initial service date, as specified in subparagraph (e)(1)(G) of the participating captive marine vessel is before the Application is approved, the Application shall include the following additional information:
- (A) Proof of delivery of the new replacement marine engine or engine remanufacture components;
 - (B) For repowered marine vessels, proof that the original marine engine is destroyed, sold, or otherwise transferred to a new owner who operates the engine outside of the district with the location and identity of the new owner along with a copy of a written notification informing the new owner that the original marine engine must not be installed in a marine vessel or other mobile or stationary source which is operated in the state of California; and
 - (C) For repowered marine vessels, written certification or signed declaration from the credit generator that any original marine engine that is not sold, scrapped, or otherwise transferred to a new owner or location outside the district has not been and will not be installed in a marine vessel or other mobile or stationary source which is operated in the state of California.

- (3) If the initial service date, as specified in subparagraph (e)(1)(G) is after the Application is approved, the credit generator shall provide information specified under paragraph (e)(2) prior to credit issuance pursuant to paragraph (g)(1).
 - (4) The Application shall be deemed a plan, and plan fees shall be assessed in accordance with Rule 309 – Fees for Regulation XVI.
 - (5) The Executive Officer shall approve or disapprove the Application and any subsequent revisions submitted pursuant to paragraph (e)(6), in writing within 90 days of submittal of a complete Application or Application revision.
 - (6) Notwithstanding subparagraph (e)(7), any person that submits an Application may amend the Application to:
 - (A) revise information provided under subparagraphs (e)(1)(A) through (e)(1)(I) at any time;
 - (B) revise the original projected activity levels specified in subparagraph (e)(1)(K) no later than 30 days for the initial credit generation period and 180 days for the annual credit generation period after the beginning eligibility credit issuance date pursuant to subparagraph (g)(2)(B) of the MSERCs; or
 - (C) remove a marine vessel from the Application, provided the credit generator retires MSERCs or MSERCs converted into RTCs to cover reductions projected for that marine vessel for the entire current and subsequent credit generation periods in which the replaced vessel would have generated credits.
 - (7) An Application shall not be amended to add a marine vessel that is removed from the Application pursuant to subparagraph (e)(6)(C) until the following annual credit generation period.
- (f) MSERC Quantification
- (1) MSERCs shall be quantified using the following equation:

$$\text{MSERC} = \frac{(\text{EF}_{\text{base}} - \text{EF}_{\text{opt}}) \times \text{EC}_{\text{opt}} \times \text{AL}}{454}$$

Where

MSERC = Mobile source emission reduction credit (pounds)

EF_{base} = Baseline emission factor (grams of NO_x/bhp-hr or grams of NO_x/kW-hr)

EF _{opt}	=	Optional emission factor (grams of NO _x /bhp-hr or grams of NO _x /kW-hr)
EC _{opt}	=	Energy Consumption Factor at the maximum rated speed for the replacement or remanufactured engine (bhp-hr/gallon or kW-hr/gallon)
AL	=	Activity level (gallon)
454	=	Conversion factor from grams to pounds

- (2) The projected and actual activity level used to quantify the MSERCs shall be determined from the information submitted pursuant to subdivisions (e) and (h), respectively.
- (3) To quantify MSERCs from the repowering or engine remanufacturing of marine vessels the value of the baseline emission factor shall be:
 - (A) determined using an emission factor in grams of NO_x per brake horsepower-hour or grams of NO_x per kilowatt-hour;
 - (B) based on emissions testing using either ISO 8178-E3 or CARB-approved in-situ source testing referenced in Diesel Marine Vessel Emissions Testing Protocol, Santa Barbara County Air Pollution Control District, July 1999. If the Santa Barbara protocol is used, the appropriate manufacturer propeller curves shall be used to reflect any changes to the propeller or transmission of the participating marine vessel;
 - (C) less than or equal to 19.8 grams of NO_x per brake horsepower-hour (26.6 grams of NO_x per kilowatt-hour); and
 - (D) determined by emission testing with the engine injection timing set to the original equipment manufacturer's recommended specifications if available and currently applicable to the marine engine, otherwise the injection timing shall be set according to normal operating parameters.
- (4) To quantify MSERCs from the repowering or engine remanufacturing of marine vessels the value of the optional emission factor shall be:
 - (A) based on engine manufacturer's test data for new marine engines using certification test protocols referenced in 40 CFR Part 94 – Control of Emissions of Air Pollution from New Marine Compression-Ignition Engines at or Above 37 kW;

- (B) for engine remanufacturing, equal to the applicable emission standards specified in Table 1 – Thresholds for NO_x Optional Emission Factors and verified by emission testing according to the protocols specified in subparagraph (f)(3)(B) to be less than or equal to the applicable emission standards specified in Table 1;
 - (C) determined using an emission factor in grams of NO_x per brake horsepower-hour or grams of NO_x per kilowatt-hour;
 - (D) for new marine engines, less than or equal to the applicable emission standards specified in Table 1 Thresholds for NO_x Optional Emission Factors; and.
 - (E) determined using the same emission related engine parameters as used in normal operation for the new or remanufactured engine which may have an effect on engine emissions including, but not limited to injection timing, injection pressure, and any other verifiable parameter deemed necessary by the District.
- (g) Credit Issuance
- (1) The Executive Officer shall issue MSERCs provided the credit generator has written approval of the Application and has provided the information specified in subparagraph (e)(2)(A) through (e)(2)(C);
 - (2) The Executive Officer shall issue MSERCs:
 - (A) in pounds of NO_x for the amount indicated in the approved Application in one-year increments;
 - (B) designated with a beginning and ending date based on the date of credit issuance;
 - (C) for the number of credit issuance periods up to June 30, 2005, and shall be based on the annual projected activity level specified in subparagraph (e)(1)(K); and
 - (D) discounted upon issuance by ten percent which will be retired for the benefit of the environment.
 - (3) Any reductions other than NO_x that result from implementation of projects subject to this rule shall be for the benefit of the environment and ineligible for transfer or use.
 - (4) The actual amount of MSERCs issued shall be based on the approved Application or any subsequent verification by the Executive Officer.

- (5) Notwithstanding Rule 2008 – Mobile Source Credits, MSERCs converted to RTCs shall be issued for either RECLAIM Compliance Cycle 1 or 2 provided that each annual credit generation period coincides with the entire cycle selected. If the initial credit generation period begins prior to the start of a complete RECLAIM Compliance Cycle, that portion of MSERCs converted to RTCs shall be issued for the current or previous cycle provided that this initial credit generation period completely coincides with the cycle selected.
 - (6) Any MSERCs not used by the specified expiration date shall be retired to benefit the environment and be ineligible for transfer or use.
- (h) Monitoring, Recordkeeping, and Reporting
- (1) For all participating marine vessels identified in the approved Application, the credit generator shall monitor and maintain quarterly records of the gallons of fuel consumed per captive marine vessel.
 - (2) For each captive marine vessel, the credit generator shall maintain quarterly records of:
 - (A) the location where the participating marine vessel is anchored or docked, when not in service;
 - (B) marine vessel identification number, engine make, engine model, engine model year, and engine serial number;
 - (C) marine vessel loss, sale, lease, repower, engine overhaul, and in the case of remanufactured engines, any engine maintenance or service performed according to the OEMs schedule of recommended engine maintenance and service;
 - (D) when a marine vessel is replaced due to loss or malfunction, identification of replaced marine vessel and engine and replacement engine make, engine model, engine model year, and engine serial number;
 - (E) when a marine vessel is sold or leased, identification and location of new owner or lessee; and
 - (F) any emission test results completed to verify or certify a participating engine.
 - (3) Within 30 days after the end of each twelve-month credit generation period, the credit generator shall submit:

- (A) the activity level specified in paragraph (h)(1) for the previous twelve-month credit generation period; and
 - (B) the information specified in subparagraphs (h)(2)(A) through (h)(2)(F) if any marine vessel identified in the Application is lost or malfunctions.
- (4) Notwithstanding paragraph (h)(3), if the initial credit generation period begins prior to the start of a complete RECLAIM Compliance Cycle and is three months or less, the credit generator shall submit the information specified in paragraph (h)(3) within 30 days after the end of the annual credit generation period following the initial credit generation period. For an initial credit generation period that is greater than three months, the credit generator shall submit the information specified in paragraph (h)(3) within 30 days after the end of the initial credit generation period.
- (5) Record and maintain data collected through a GPS or another method as approved by the District, CARB and EPA to demonstrate that the marine vessel is a captive marine vessel throughout the credit generation period.
- (6) When a marine vessel travels outside district waters during the credit generation period for the purpose of maintenance or repair, the credit generator shall:
- (A) Record the date the vessel leaves and returns to district waters;
 - (B) Record the port of call or destination where the maintenance or repair was performed;
 - (C) Keep an invoice or receipt documenting date(s) and type of maintenance or repair performed; and
 - (D) Submit the information specified in this paragraph with the information specified in paragraphs (h)(3) and (h)(4).
- (7) The District or a district approved contractor will conduct one source test not more than eighteen months from the beginning date of the initial credit generation period and a second source test on or before June 30, 2005 on each participating marine vessel using a remanufactured engine. Such source tests shall be conducted using the protocols and originally tested emission-related engine parameters specified in paragraph (f)(4).
- (8) The District may conduct an unannounced inspection of the originally tested emission-related engine parameters specified in subparagraph (f)(4)(E) periodically throughout the credit generation period.

- (i) Annual Reconciliation
 - (1) The actual activity level submitted pursuant to paragraphs (h)(3) and (h)(4) shall be reviewed upon submittal to evaluate if any shortfall exists between the actual activity level and the projected activity level submitted.
 - (2) If a shortfall exists between the actual and projected activity levels, the credit generator and user are subject to the penalty provisions specified under subdivision (k).
 - (3) If the actual activity level exceeded the projected activity level, then the Executive Officer shall after performing the evaluation required by paragraph (i)(1) issue additional MSERCs equal to the amount of the increase and pursuant to subdivision (g) for use in the current RECLAIM Compliance Cycle that ends no later than six months from the last day of the credit generation period of which the increase in activity level occurred.

- (j) Credit Use

MSERCs generated under this rule may be used as RTCs under the provisions of Regulation XX – Regional Clean Air Incentive Market (RECLAIM).

- (k) Penalties
 - (1) If a shortfall exists pursuant to paragraph (i)(1), credits equal to 110 percent of the shortfall shall be obtained and surrendered to the Executive Officer such that the applicant shall retire NO_x MSERCs generated under the same or different Application or RTCs that are approved and designated for use within the same RECLAIM cycle or if not available, from the next RECLAIM cycle.
 - (2) Any person submitting an Application who falsifies information in the Application or fails to implement any provision of the Application, shall be subject to the penalties specified in the Health and Safety Code for violation of District rules and in addition shall be grounds for the Executive Officer to take one or more of the following actions:
 - (A) disapprove the Application and void all previously issued MSERCs, and those already converted to RTCs, that have not yet expired;

- (B) designate the applicant to be ineligible to generate MSERCs; or
 - (C) assess the penalty specified in paragraph (k)(1).
 - (3) If the shortfall cannot be reconciled through paragraph (k)(1), any person who uses MSERCs or MSERCs converted into RTCs generated under this rule at a RECLAIM facility where there is a shortfall in emission reductions or where previously issued MSERCs, and those already converted to RTCs, that have not yet expired are voided, shall be subject to the provisions specified in Rule 2010 – Administrative Remedies and Sanctions for RECLAIM rule violations. If there are multiple credit holders or users of credits generated under the same Application, each holder or user shall retire MSERCs or RTCs according to their prorated share of credits purchased.
 - (4) If a participating marine vessel travels outside the district waters during the credit generation period, except as allowed pursuant to paragraphs (d)(2) and (d)(3), then MSERCs or MSERCs converted into RTCs shall be voided to cover reductions projected for that marine vessel for the entire current credit generation period.
- (l) Program Review
- (1) On or before April 2003 and April 2005, the Executive Officer shall complete a review and present a report to the Governing Board that includes but not be limited to the following information:
 - (A) General description of projects participating in the pilot program and the amount of NO_x MSERCs, including the amount converted to RTCs, generated under the pilot program;
 - (B) The location of the credit generation projects and facilities using RTCs under this pilot program;
 - (C) The amount of NO_x MSERCs retired to benefit the environment; and
 - (D) The amount of concurrent non-NO_x emission reductions such as PM and toxic air contaminants, generated under the pilot program that have been retired to benefit the environment.
 - (2) The Governing Board may suspend approval of pending Applications and receipt of additional Applications through a noticed public hearing.

Table 1
Thresholds for NO_x Optional Emission Factors

Engine Speed, n (rpm)	NO_x¹ (g/kW-hr)	NO_x¹ (g/bhp-hr)
< 130	17	12.7
130 < n < 2000	$45 * n^{-0.2}$	$33.6 * n^{-0.2}$
≥ 2000	9.8	7.3

1. Emission Standards in Table 1 represent the NO_x emission limits referenced in MARPOL Annex VI.

3/21/01

(Adopted May 11, 2001)

**RULE 1632. PILOT CREDIT GENERATION PROGRAM FOR
HOTELLING OPERATIONS**

(a) Purpose

The purpose of this rule is to provide opportunities to generate oxides of nitrogen (NO_x) mobile source emission reduction credits (MSERCs) for use in RECLAIM through the voluntary use of electric power during hotelling operations.

(b) Applicability

(1) This rule applies to persons who voluntarily elect to generate NO_x MSERCs, which may be used in RECLAIM pursuant to Rule 2008 – Mobile Source Credits, through the use of a fuel cell technology in lieu of diesel-fueled auxiliary engines to provide electricity for marine vessel hotelling operations.

(2) This rule does not apply to any:

(A) Emission reductions produced by monies from any public air quality related funding program including but not limited to Rule 2202, the Carl Moyer Memorial Air Quality Standards Attainment Program, or AB2766 funding; or

(B) Emission reductions required pursuant to any law, rule, or regulation, or legal instrument such as a legal settlement or consent decree.

(c) Definitions

(1) ACTIVITY LEVEL (AL) means for the purpose of this rule, the power in kilowatt hours, excluding all other power used for non-hotelling operations, delivered to each marine vessel for hotelling operations per quarter for retrospective credit issuance and per year for prospective credit issuance.

(2) APPLICATION means for the purpose of this rule, the Rule 1632 MSERC Application as specified in subdivision (e).

(3) AUXILIARY ENGINE means for the purpose of this rule, the marine diesel-fueled internal combustion engine onboard a marine vessel that is not used for propulsion of the marine vessel.

- (4) BASELINE EMISSION FACTOR (EF_{base}) means for the purpose of this rule, the emission factor used to quantify annual emissions from auxiliary diesel-fueled engines of the marine vessel that would be emitted if the fuel cell technology was not used during hotelling operations.
- (5) CREDIT GENERATION PERIOD means for the purpose of this rule, the timeframe that MSERCs are being generated and begins on the date that the requirements of subdivision (d) are met and ends when the evaluation performed under subdivision (g) indicates that the credits generated under this rule are no longer surplus. The first segment of the credit generation period, which may be 3 months or less, is referred to as the "initial credit generation period" and each 3-month segment thereafter that begins on a calendar quarter is referred to as the "quarterly credit generation period." The "first two-year annual credit generation periods" is the first eight full quarterly credit generation periods.
- (6) CREDIT ISSUANCE PERIOD means the timeframe for which MSERCs are issued and begins on the date that the requirements of subdivision (h) are met.
- (7) DIESEL FUEL means any fuel that meets the specifications in ASTM D2069, Standard Specification for Marine Fuels, or is graded as DMX, DMA, DMD, DMC, IFO 180 (including RME-25 or RMF-25), IFO 380 (including RMG-25 and RMH-25), and RMA-RML (including RMG-35 and RMH-35 and RML-55).
- (8) DISTRICT means the geographical area defined by Rule 103 – Definition of Geographical Area.
- (9) DISTRICT WATERS means the overwater boundaries extending out 25 miles perpendicular from the northernmost coastal intersection point of Los Angeles County and southernmost coastal intersection point of Orange County.
- (10) EVALUATION YEAR means for the purpose of this rule, 2010 which represents the initial evaluation year and subsequent years thereafter as determined pursuant to paragraph (g)(3) during which the District, CARB, and EPA will assess whether MSERCs may continue to be generated or if a portion or all future MSERCs need to be discontinued or discounted to ensure credits remain surplus.

- (11) FUEL CELL TECHNOLOGY means a technology to generate electricity by combining positive hydrogen ions or negative hydrogen electrons, drawn from a hydrogen-containing fuel, with oxygen atoms.
- (12) FUEL CELL SUBSTATION means a platform on district water or on land within the district boundaries that has one or more fuel cells capable of producing electrical power in alternating or direct current at different frequencies for hotelling operations.
- (13) FUEL CELL SUBSTATION OPERATOR means the operator of the fuel cell substation that has the rights through agreement or contract to provide electric energy from the substation to a marine vessel for hotelling operations.
- (14) GLOBAL POSITIONING SYSTEM OR GPS means a satellite-based radio navigation receiver capable of providing the time, the date, and position of a unit.
- (15) HOTELLING OPERATION OR HOTELLING means those operations on a marine vessel that require electric energy to power operations that include, but are not limited to, lights, ventilation, heating, cooling, and loading and unloading operation that are used when a marine vessel is either at anchorage within the district waters or docked or anchored in a harbor or a port that is located within the district.
- (16) MARINE VESSEL means for the purpose of this rule cargo ships including auto carrier, bulk carrier, container, reefer, roll-on/roll-off, and general cargo, passenger ships, and tanker ships having propulsion engines with a specific engine displacement of equal to or greater than 30 liters per cylinder.
- (17) MOBILE SOURCE EMISSION REDUCTION CREDIT (MSERC) means for the purpose of this rule, emission reduction credits that meet the requirements of this rule and are issued as specified in subdivision (h).
- (18) PROSPECTIVE CREDIT ISSUANCE OR PROSPECTIVELY means that MSERCs will be issued annually prior to generating credits.
- (19) QUARTER OR QUARTERLY is any three-month period from January 1 to March 31, April 1 to June 30, July 1 to September 30, or October 1 to December 31, inclusive.
- (20) RECLAIM FACILITY means any stationary source subject to Regulation XX, pursuant to Rule 2001 - Applicability.

- (21) RETROSPECTIVE CREDIT ISSUANCE OR RETROSPECTIVELY means that MSERCs will be issued quarterly following submittal of the actual activity level specified in paragraph (i)(1) and the quarterly validation has been completed pursuant to subdivision (k).
- (22) SURPLUS means that emission reductions achieved throughout the duration of the emission reduction activity that are not required or relied upon by any local, state, or federal rule, or regulation, and the federal Clean Air Act; and are not required or relied upon in an attainment demonstration, reasonable further progress demonstration, or emissions inventory thereby ensuring that there is no double counting of emission reductions.

(d) Credit Generator Requirements

Any person who elects to generate MSERCs under this rule shall meet all of the following requirements:

- (1) Use a fuel cell substation in lieu of auxiliary engines to provide electric energy to a marine vessel for hotelling operations;
- (2) Demonstrate that the fuel cell substation is equipped with a non-resettable data recorder capable of measuring and recording the electric power in kilowatt hours (kW-hr) delivered to each marine vessel during hotelling operations;
- (3) Demonstrate that the fuel cell substation and marine vessel are equipped with GPS that is capable of monitoring and recording that the marine vessel is located adjacent to the fuel cell substation during periods when the fuel cell substation is supplying electric power to the marine vessel for hotelling operations or alternatively use a method as approved by the District, ARB, and EPA that will demonstrate that the fuel cell substation supplied electric power to the marine vessel for hotelling operations;
- (4) Demonstrate that the purchase contract for acquisition of fuel cells and any other components associated with the fuel cell substation is signed no earlier than March 1, 2001 and installed no later than January 1, 2005;
- (5) Demonstrate that the fuel cell substation operator has an agreement or contract to provide electric energy from the fuel cell substation to a marine vessel during hotelling operations;
- (6) Demonstrate that the fuel cell substation is located within the district waters or district boundaries when on land;

- (7) Submit an Application as specified in subdivision (e); and
- (8) Demonstrate compliance with the monitoring, recordkeeping, and reporting requirements specified in subdivision (i).

(e) Application

- (1) Any person who elects to generate MSERCs under this rule shall submit an Application to the District no later than 30 days after receiving a certificate of inspection from the Coast Guard for the fuel cell substation and before January 1, 2004. The Application shall include the following:
 - (A) A description of the fuel cell substation information, including, at a minimum, location of fuel cell substation when not in service, type of fuel cell, fuel cell manufacturer name, rated power capacity in kilowatt (kW), and fuel cell identification number if available;
 - (B) The projected initial service date when the fuel cell substation will be used for hotelling operations for a marine vessel that would represent the beginning of the credit generation period; and
 - (C) Identification of the intended user(s) of the MSERCs, if available;
- (2) If the initial service date, as specified in subparagraph (e)(1)(B), of the fuel cell is before the Application is approved, the Application shall include the following additional information:
 - (A) Proof of purchase and acquisition of the fuel cell substation;
 - (B) A written certification that the operator of the fuel cell has a lease or ownership of a terminal for docking, refueling, and service of the fuel cell substation at the harbor for which the service is provided; and
 - (C) Proof that the fuel cell substation operator has a written agreement from a marine vessel operator stating a willingness to use electric energy from the fuel cell substation to the marine vessel during hotelling operations.
- (3) If the initial service date, as specified in subparagraph (e)(1)(B), of the fuel cell substation is after the Application is approved, the credit generator shall provide information specified under subparagraph (e)(2)(A) through (e)(2)(C) prior to credit issuance pursuant to paragraph (h)(1).

- (4) The Application shall be deemed a plan, and plan fees shall be assessed in accordance with Rule 309 – Fees For Regulation XVI.
 - (5) The Executive Officer shall approve or disapprove the Application, and any subsequent revisions submitted pursuant to paragraph (e)(6), in writing within 90 days of submittal of a complete Application or Application revision.
 - (6) Any person that submits an Application may amend the Application to:
 - (A) revise information provided under subparagraphs (e)(1)(A) through (e)(1)(C) at any time;
 - (B) include information required under subparagraphs (h)(4)(A) and (h)(4)(B) if the credit generator elects to have MSERCs issued prospectively; or
 - (C) revise the activity levels specified in subparagraph (h)(4)(B) no later than 180 days after the beginning eligibility credit issuance date pursuant to subparagraph (h)(2)(C).
 - (7) The credit generation period shall begin no earlier than the date the Application is received by the district.
- (f) MSERC Quantification
- (1) MSERCs that are created from marine vessels using power generated by a fuel cell substation during hotelling operation shall be quantified using the following equation:

$$\text{MSERC} = [(\text{EF}_{\text{base}} - \text{EF}_{\text{opt}}) / 454] \times \text{AL}$$

Where:

 - MSERC = Mobile source emission reduction credit (pounds of NO_x)
 - EF_{base} = Baseline emission factor (gram/kW-hr)
 - EF_{opt} = Optional emission factor of fuel cell (gram/kW-hr)
 - AL = Activity level (kW-hr)
 - 454 = Conversion factor from grams to pounds
 - (2) For auxiliary engines with a model year that is earlier than the applicable model year specified in Table 1, the NO_x baseline emission factor used for hotelling operations shall be based on EPA’s Final Regulatory Impact Analysis: Control of Emissions from Marine Diesel Engines – November 1999 and shall be:

- (A) 10 gram/kW-hr, for engines with a maximum rated capacity of less than 1000 kW; or
 - (B) 13 gram/kW-hr, for engines with a maximum rated capacity of greater than or equal 1000 kW.
- (3) Notwithstanding paragraph (f)(2), for those auxiliary engine(s) on a marine vessel operated under a United States flag the NO_x baseline emission factor shall be the NO_x emission standard for marine engine(s) specified in Table 1 - NO_x Emission Standards for Engines with a Post-2004 Model Year:
- (A) for the applicable auxiliary engine size with a model year on or after the model year specified in Table 1; or
 - (B) for the applicable auxiliary engine size for any engine model(s) that an engine manufacturer has included in the Certification, Averaging, Banking, and Trading Provisions specified in 40 CFR Part 94, Subpart D.
- (4) For marine vessels that use a combination of different size auxiliary engines for hotelling operations, a weighted average NO_x baseline emission factor shall be used. A weighted average emission factor should be estimated using:

$$EF_{\text{base}} = \sum_{i=1}^n (kW_i / (kW_t) \times EF_i)$$

Where

- kW_i = The maximum rated capacity of each auxiliary engine
- kW_t = The sum of all the auxiliary engines maximum rated capacity
- EF_i = The baseline emission factor for each engine as specified in paragraphs (f)(2) or (f)(3)

- (4) The NO_x optional emission factor for the fuel cell shall be equal to zero unless otherwise specified through further evaluation by the Executive Officer, CARB, and EPA.
- (5) The actual activity level used to quantify the MSERCs shall be based on the information submitted pursuant to subdivision (i) and either the quarterly validation if credits are issued retrospectively or twelve-month reconciliation if credits are issued prospectively pursuant to subdivision (k).

(g) Source Category Evaluation

- (1) On or before July 1, 2010, the Executive Officer with CARB and EPA shall complete an evaluation on marine vessels hotelling operations and agree whether future MSERCs need to be either discontinued or further discounted to ensure credits remain surplus.
- (2) The evaluation shall include, but is not limited to, an assessment of current and future local, state, and federal rules and regulations affecting each source category.
- (3) After the initial evaluation year, the evaluation performed in paragraph (g)(1) shall be completed on a timeframe as agreed to by the District, CARB, and EPA, but not more than once per year.
- (4) Subsequent evaluations performed pursuant to paragraph (g)(3) shall be completed at least six months prior to end of each evaluation period specified in paragraph (g)(3), for the remainder of the pilot program.
- (5) No future MSERCs shall be issued if the evaluation is not completed or the District, CARB and EPA do not agree on whether future MSERCs need to be discontinued or the amount that the MSERCs need to be discounted.

(h) Credit Issuance

- (1) The Executive Officer shall issue MSERCs provided:
 - (A) the Application has been approved by the Executive Officer;
 - (B) the credit generator has submitted the information specified in subparagraphs (e)(2)(A) through (e)(2)(C);
 - (C) the credit generator has submitted records and reports pursuant to subdivision(i); and
 - (D) the Executive Officer has completed the quarterly validation of the activity level pursuant to subdivision (k) if the MSERCs are issued retrospectively pursuant to paragraph (h)(3).
- (2) The Executive Officer shall issue MSERCs:
 - (A) to the fuel cell operator that meets the applicability requirements specified under subdivision (b) and requirements pursuant to subdivision (d);
 - (B) retrospectively through the first two-year annual credit generation periods pursuant to paragraph (h)(3);

- (C) either retrospectively for subsequent quarters following the end of the first two-year annual credit generation periods pursuant to paragraph (h)(3) or prospectively for subsequent annual credit generation periods following the end of the first two-year annual credit generation periods pursuant to paragraph (h)(4); and
 - (D) designated with a beginning and ending date based on the date of credit issuance.
- (3) The Executive Officer shall issue MSERCs retrospectively in quarterly increments, in pounds of NO_x:
- (A) for each quarter through the end of the first two-year annual credit generation periods;
 - (B) for subsequent quarterly credit generation periods following the end of the first two-year annual credit generation periods if the credit generator elects to continue retrospective credit issuance and has not submitted a written request to the Executive Officer pursuant to subparagraph (h)(4)(A) to issue MSERCs prospectively;
 - (C) for any quarterly generation period between the end of the first two-year annual credit generation periods and the next annual credit generation period that coincides with either the RECLAIM Compliance Cycle 1 or 2 as designated by the credit generator pursuant to paragraph (h)(7) if the credit generator elects to have MSERCs issued prospectively; and
 - (D) after the Executive Officer completes the quarterly validation pursuant to subdivision (k) and within 30 days after the submittal of the actual activity level pursuant to paragraph (i)(4).
- (4) The Executive Officer may issue MSERCs prospectively in annual increments, in pounds of NO_x:
- (A) following the end of the first two-year annual credit generation periods and each annual credit generation period thereafter for a period not to exceed five years, provided the credit generator submits a written request to amend their application for prospective credit issuance and designation of the RECLAIM Compliance Cycle for each annual credit generation period to the Executive Officer within 30 days after the end of the first two-year annual credit generation periods;

- (B) in an amount based on an activity level as specified by the credit generator that is included in an amendment to their application, that shall not exceed 120% of the annual average activity level that was reported and validated through the first two-year annual credit generation periods; and
 - (C) beginning on either a RECLAIM Cycle 1 or 2, as designated by the credit generator pursuant to subparagraph (h)(4)(A).
- (5) The Executive Officer shall discount MSERCs upon issuance by:
- (A) 10% which will be retired for the benefit of the environment for MSERCs issued prior to January 1, 2010; and
 - (B) an additional 10% after January 1, 2010 which will be retired for the benefit of the environment unless through the evaluation performed pursuant to subdivision (g), the District, CARB, and EPA determine that NO_x emission reductions from marine vessel hotelling operations pursuant to this rule are not required or relied upon in the most recently approved SIP.
- (6) Only NO_x emission reductions generated pursuant to this rule will be issued as MSERCs.
- (7) Notwithstanding Rule 2008 – Mobile Source Credits, for MSERCs issued retrospectively pursuant to paragraph (h)(3), MSERCs converted to RTCs shall be issued for the RECLAIM Compliance Cycle 1 or 2 that the credit generator selects provided the initial or quarterly credit generation period and subsequent quarterly credit generation periods coincide with the entire RECLAIM Compliance cycle plus the reconciliation period of that cycle.
- (8) Notwithstanding Rule 2008 – Mobile Source Credits, for MSERCs issued prospectively pursuant to paragraph (h)(4), MSERCs converted to RTCs shall be issued for either RECLAIM Compliance Cycle 1 or 2 provided that each annual credit generation period coincides with the entire cycle selected. If the initial credit generation period begins prior to the start of a complete RECLAIM Compliance Cycle, that portion of MSERCs converted to RTCs shall be issued for the current or previous cycle provided that this initial credit generation period completely coincides with the cycle selected.
- (9) Any MSERCs not used by the specified expiration date shall be retired to benefit the environment and be ineligible for transfer or use.

- (i) Monitoring, Recordkeeping, and Reporting
 - (1) For each fuel cell substation, the credit generator shall monitor and maintain quarterly records of the kilowatt-hours used for each marine vessel that uses the fuel cell substation for hotelling for the initial and each subsequent quarterly credit generation periods using a non-resettable data recorder capable of measuring and recording the electric power in kilowatt hours (kW-hr) delivered to each marine vessel during hotelling operations.
 - (2) For each marine vessel that uses the fuel cell substation for hotelling, the credit generator shall maintain records per each fuel cell substation for the initial and each subsequent quarterly credit generation period of:
 - (A) the marine vessel name, owner or ship captain, vessel type, model, model year built, and identification number;
 - (B) a description of and the number of auxiliary engines, each auxiliary engine's maximum rated capacity (kW) and the ASTM specification of the fuel type; and
 - (C) the location of the marine vessel, the time and date using a GPS device or the daily log provided by the Marine Exchange.
 - (3) For each fuel cell substation, the credit generator shall maintain records for the initial and each subsequent quarterly credit generation period of:
 - (A) the location where the fuel cell substation is docked when not in service;
 - (B) the manufacturer name, type, rated power capacity (kW), and fuel cell identification number if available; and
 - (C) the service date and fuel cell start and finish time when the fuel cell substation is used to provide electrical power to a marine vessel for hotelling.
 - (D) the location of the fuel cell substation, the time and date using a GPS device when in service.
 - (4) Within 30 days after the end of the initial and each subsequent quarterly credit generation period if credits are issued retrospectively, and within 30 days after the end of each twelve-month credit generation period if credits are issued prospectively, the credit generator shall submit the activity level specified in paragraphs (i)(1) through (i)(3).

- (5) Notwithstanding paragraph (i)(4), if the initial credit generation period begins prior to a quarter and is two months or less, the credit generator shall submit the information specified in paragraphs (i)(1) through (i)(3) within 30 days after the end of the first quarterly credit generation period. For an initial credit generation period that is greater than two months, the credit generator shall submit the information specified in paragraphs (i)(1) through (i)(3) within 30 days after the end of the initial credit generation period.
- (6) The credit generator shall maintain all data required to be gathered, computed, or reported pursuant to this rule for three years after each quarterly or annual report is submitted to the District.

(j) Credit Use

MSERCs generated under this rule may be used as RTCs under the provisions of Regulation XX – Regional Clean Air Incentive Market (RECLAIM).

(k) Quarterly Validation and Reconciliation

- (1) For MSERCs issued retrospectively pursuant to paragraph (h)(3), the reported activity level submitted pursuant to paragraphs (i)(4) and (i)(5) shall be reviewed by the Executive Officer upon submittal to validate the activity level. If the review indicates that the activity level reported is not consistent with records submitted pursuant to paragraphs (i)(1) through (i)(3), the Executive Officer shall appropriately adjust the activity level reported.
- (2) The Executive Officer shall validate the activity level reported based on the analysis specified under paragraphs (k)(1) within 30 days after the reported activity level is submitted pursuant to paragraphs (i)(4) and (i)(5) for MSERCs issued retrospectively pursuant to paragraph (h)(3).
- (3) For MSERCs issued prospectively pursuant to paragraph (h)(4), the actual activity level submitted pursuant to paragraph (i)(4) shall be reviewed upon submittal to evaluate if any shortfall exists between the actual activity level and activity level specified by the credit generator pursuant to subparagraph (h)(4)(B).
- (4) If a shortfall exists between the actual and projected activity levels, the credit generator and user are subject to the penalty provisions specified under subdivision (l).

- (5) If the actual activity level exceeded the activity level specified by the credit generator pursuant to subparagraph (h)(4)(B), then the Executive Officer shall after performing the evaluation required by paragraph (k)(3) issue additional MSERCs equal to the amount of the increase and pursuant to subdivision (h) for use in the current RECLAIM Compliance Cycle that ends no later than six months from the last day of the credit generation period of which the increase in activity level occurred.
- (l) Penalties
 - (1) If a shortfall exists pursuant to paragraph (k)(3), credits equal to 110 percent of the shortfall shall be obtained and surrendered to the Executive Officer such that the applicant shall retire NO_x MSERCs generated under the same or different Application or RTCs that are approved and designated for use within the same RECLAIM cycle or if not available, from the next RECLAIM cycle.
 - (2) Any person submitting an Application who falsifies information in the Application or fails to implement any provision of the Application, shall be subject to the penalties specified in the Health and Safety Code for violation of District rules and shall be grounds for the Executive Officer to take one or more of the following actions:
 - (A) disapprove the Application and void all previously issued MSERCs, and those already converted to RTCs, that have not yet expired;
 - (B) designate the applicant to be ineligible to generate MSERCs; or
 - (C) assess the penalty specified in paragraph (l)(1).
 - (3) Any person who uses MSERCs converted into RTCs generated under this rule at a RECLAIM facility where previously issued MSERCs, and those already converted to RTCs, that have not yet expired are voided, shall be subject to the provisions specified in Rule 2010 – Administrative Remedies and Sanctions for RECLAIM rule violations. If there are multiple credit holders or users of credits generated under the same Application, each holder or user shall retire MSERCs or RTCs according to their prorated share of credits purchased.

(m) Program Review

- (1) On or before April 2003 and biannually thereafter, up until credits are discontinued according to the source category evaluation performed pursuant to subdivision (g), the Executive Officer shall complete a review and present a report to the Governing Board that includes but not be limited to the following information:
 - (A) General description of projects participating in the pilot program and the amount of NO_x MSERCs, including the amount converted to RTCs, generated under the pilot program;
 - (B) The location of the credit generation projects and facilities using RTCs under this pilot program;
 - (C) The amount of NO_x MSERCs retired to benefit the environment; and
 - (D) The amount of concurrent non-NO_x emission reductions such as PM and toxic air contaminants, generated under the pilot program that have been retired to benefit the environment.
- (2) The Governing Board may suspend approval of pending Applications and receipt of additional Applications through a noticed public hearing.

Table 1
NO_x Emission Standards for Engines with a Post-2004 Model Year

Starting Date	Displacement (liters/cylinder)	NO_x¹ (g/kW-hr)	NO_x¹ (g/bhp-hr)
Power ≥ 37 kW			
2005	Displacement < 0.9	7.3	5.4
2004	0.9 ≤ Displacement < 2.5	7.0	5.2
2007	2.5 ≤ Displacement < 5.0	7.0	5.2
2007	5.0 ≤ Displacement < 15	7.7	5.7
2007	15 ≤ Displacement < 20	8.6	6.4
Power ≥ 3300 kW			
2007	15 ≤ Displacement < 25	9.6	7.2
2007	25 ≤ Displacement < 30	10.8	8.1

1. Emission Standards in Table 1 represent NO_x portion only of a combined NO_x + THC standard based on 40CFR Part 94.8 – Control of Emissions of Air Pollution from New Marine Compression – Ignition Engines at or Above 37 kW

5/31/01

(Adopted May 11, 2001)

**RULE 1633. PILOT CREDIT GENERATION PROGRAM FOR TRUCK/
TRAILER REFRIGERATION UNITS**

(a) Purpose

The purpose of this rule is to provide opportunities to generate NO_x mobile source emission reduction credits (MSERCs) for use in RECLAIM through the voluntary electrification of truck/trailer refrigeration units.

(b) Applicability

(1) This rule applies to persons who voluntarily elect to generate NO_x MSERCs, which may be used in RECLAIM pursuant to Rule 2008 – Mobile Source Credits, through the conversion or purchase of truck or trailer refrigeration units that are equipped with electric standby mode that uses electric power instead of a diesel-fueled auxiliary engine to operate the truck or trailer refrigeration unit at a distribution center.

(2) This rule does not apply to any:

(A) emission reductions produced by monies from any public air quality related funding program including but not limited to Rule 2202, the Carl Moyer Memorial Air Quality Standards Attainment Program, or AB2766 funding; or

(B) emission reductions required pursuant to any law, rule, or regulation, or legal instrument such as a legal settlement or consent decree.

(c) Definitions

(1) **ACTIVITY LEVEL (AL)** means for the purpose of this rule, the number of kilowatt-hours (kW-hr) used by each truck or trailer refrigeration unit while in electric standby mode per quarter for retrospective credit issuance and per year for prospective credit issuance.

(2) **APPLICATION** means for the purpose of this rule, the Rule 1633 MSERC Application as specified in subdivision (e).

(3) **AUXILIARY ENGINE** means an off-road engine less than 100 horsepower which is used to power a truck or trailer refrigeration unit.

- (4) BASELINE EMISSION FACTOR (EF_{base}) means for the purpose of this rule, the emission factor used to quantify annual emissions from a diesel-fueled engine used to supply power to a truck or trailer refrigeration unit.
- (5) CREDIT GENERATION PERIOD means for the purpose of this rule, the timeframe that MSERCs are being generated and begins on the date that the requirements of subdivision (d) are met. The first segment of the credit generation period, which may be 3 months or less, is referred to as the “initial credit generation period” and each 3-month segment thereafter that begins on a calendar quarter is referred to as the “quarterly credit generation period.” The “first two-year annual credit generation periods” is the first eight full quarterly credit generation periods.
- (6) CREDIT ISSUANCE PERIOD means the timeframe that MSERCs are issued and begins on the date that the requirements of subdivision (h) are met.
- (7) DIESEL FUEL means any fuel that is commonly known as diesel fuel No. 1-D or 2-D, or meets the specifications in ASTM D 975, Standard Specifications for Diesel Fuel Oils.
- (8) DISTRIBUTION CENTER means for the purpose of this rule, a warehouse or goods transportation facility where refrigerated trucks and trailers are loaded, unloaded, or transferred.
- (9) DISTRIBUTION CENTER OPERATOR means the operator of the distribution center that has the rights through direct ownership, or an agreement or contract to provide electric energy to operate truck or trailer refrigeration units during electric standby mode.
- (10) DISTRICT means the geographical area defined by Rule 103 – Definition of Geographical Area.
- (11) ELECTRIC STANDBY MODE means the operation of a truck and trailer refrigeration unit using an electric motor powered by electricity supplied by the distribution center.
- (12) EVALUATION YEAR means for the purpose of this rule, 2006 which represents the initial evaluation year and subsequent years thereafter as determined pursuant to paragraph (g)(3) during which the District, CARB, and EPA will assess whether MSERCs may continue to be generated or if a portion or all future MSERCs need to be discontinued or discounted to ensure credits remain surplus.

- (13) GLOBAL POSITIONING SYSTEM OR GPS means a satellite-based radionavigation receiver capable of providing the time, date, and position of a unit.
- (14) MOBILE SOURCE EMISSION REDUCTION CREDIT (MSERC) means for the purpose of this rule, emission reduction credits that meet the requirements of this rule and are issued as specified in paragraph (h)(2).
- (15) OPTIONAL EMISSION FACTOR (EF_{opt}) means for the purpose of this rule, the emission factor used to quantify annual emissions from the use of electric standby mode for a truck or trailer refrigeration unit and is based on an in-Basin power generation emission factor of 0.232 pounds per megawatt-hour.
- (16) PROSPECTIVE CREDIT ISSUANCE OR PROSPECTIVELY means that MSERCs will be issued annually prior to generating credits.
- (17) QUARTER OR QUARTERLY is any three-month period from January 1 to March 31, April 1 to June 30, July 1 to September 30, or October 1 to December 31, inclusive.
- (18) RECLAIM FACILITY means any stationary source subject to Regulation XX, pursuant to Rule 2001 – Applicability.
- (19) RETIRE OR RETIRED means that the credit, regardless of the expiration date of the credit, can no longer be transferred or used.
- (20) RETROSPECTIVE CREDIT ISSUANCE OR RETROSPECTIVELY means that MSERCs will be issued quarterly following submittal of the actual activity level specified in paragraph (i)(1) and the quarterly validation has been completed pursuant to subdivision (k).
- (21) SURPLUS means that emission reductions achieved throughout the duration of the emission reduction activity that are not required or relied upon by any local, state, or federal rule, or regulation, and the federal Clean Air Act; and are not required or relied upon in an attainment demonstration, reasonable further progress demonstration, or emissions inventory thereby ensuring that there is no double counting of emission reductions.

- (22) TRUCK OR TRAILER REFRIGERATION UNIT means a refrigeration chiller powered by a diesel-fueled auxiliary engine or electric motor that is mounted on a truck body or a trailer container for the purpose of providing chilled air to the contents of the truck container or trailer. For purposes of this rule, truck or trailer refrigeration units use engines that are separate from the primary engine used for propulsion.

(d) Credit Generator Requirements

Any person that elects to generate MSERCs under this rule shall meet all of the following requirements:

- (1) Use of electric power in lieu of auxiliary engines to power a truck or trailer refrigeration unit which is used at a distribution center;
- (2) Demonstrate that the conversion or purchase of the truck or trailer refrigeration unit with electric standby mode was initiated no earlier than March 1, 2001;
- (3) Demonstrate that the infrastructure which includes a stationary ground power supply and transmission system necessary to provide electric power at the proper frequency and voltage at a distribution center for use by truck or trailer refrigeration units operating in electric standby mode is installed no earlier than March 1, 2001;
- (4) Demonstrate that the distribution center operator has the right through direct ownership or an agreement or contract to provide electric energy to operate a truck or trailer refrigeration unit during electric standby mode.
- (5) Demonstrate that each truck or trailer refrigeration unit is equipped with data recorders or another method as approved by the District, ARB, and EPA capable of recording the location, date, and time when the electric standby mode is used;
- (6) Demonstrate that the distribution center is equipped with a totalizing meter capable of measuring and recording the electric power measured in kilowatt hours (kW-hr) consumed for truck or trailer refrigeration units used during electric standby modes or another method as approved by the District, ARB, and EPA;

- (7) Demonstrate that each truck or trailer refrigeration unit is equipped with a GPS or another method as approved by the District, ARB and EPA that is capable of monitoring and recording truck or trailer refrigeration units located at the distribution center during periods when electric standby mode is used;
- (8) Demonstrate that the distribution center is located in the District;
- (9) Submit an Application as specified in subdivision (e); and
- (10) Demonstrate compliance with the monitoring, recordkeeping, and reporting requirements specified in subdivision (i).

(e) Application

- (1) Any person that elects to generate MSERCs under this rule shall submit an Application to the District no later than 30 days after the conversion or purchase of a truck or trailer refrigeration unit and before January 1, 2004. The Application shall include the following:
 - (A) A description of the distribution center, including at a minimum:
 - (i) location of the distribution center, including GPS coordinates;
 - (ii) a description of the products handled at the facility; and
 - (iii) facility plot plan including locations of all truck or trailer loading/unloading and staging areas identifying those which will be used to provide power for electric standby mode.
 - (B) Proof of purchase for each new truck or trailer refrigeration unit capable of operating in electric standby mode.
 - (C) The projected initial date that the distribution center operator will provide electric energy to converted or newly purchased truck or trailer refrigeration units that would represent the beginning of the credit generation period; and
 - (D) Identification of the intended user(s) of the MSERCs, if available.
- (2) If the initial conversion or purchase date of a truck or trailer refrigeration unit that is equipped with an electric standby mode, as specified in subparagraph (e)(1)(C), is before the Application is approved, the Application shall include the following additional information:

- (A) Proof of purchase and acquisition of each truck or trailer refrigeration unit that is equipped with an electric standby mode; and
- (B) Proof that the distribution center operator has an agreement or contract to provide electric energy to operate a truck or trailer refrigeration unit during electric standby mode.
- (3) The Application shall be deemed a plan, and plan fees shall be assessed in accordance with Rule 309 – Fees for Regulation XVI.
- (4) The Executive Officer shall approve or disapprove the Application and any subsequent revisions submitted to paragraph (e)(5), in writing within 90 days of submittal of a complete Application or Application revision.
- (5) Any person that submits an Application may amend the Application to:
 - (A) Revise information provided under subparagraphs (e)(1)(A) through (e)(1)(D) at any time;
 - (B) Include information required under subparagraphs (h)(4)(A) and (h)(4)(B) if the credit generator elects to have MSERCs issued prospectively; or
 - (C) Revise the activity levels specified in subparagraph (h)(4)(B) no later than 180 days after the beginning eligibility credit issuance date pursuant to subparagraph (h)(2)(C).

(f) MSERC Quantification

- (1) MSERCs shall be quantified using the following equation:

$$\text{MSERC} = \frac{(\text{EF}_{\text{base}} - \text{EF}_{\text{opt}}) \times \text{AL}}{454}$$

Where

MSERC = Mobile source emission reduction credit (pounds of NO_x)

EF_{base} = Baseline emission factor (g/kW-hr)

EF_{opt} = Optional emission factor (g/kW-hr)

AL = Activity level (kW-hr)

454 = Conversion factor from grams to pounds

- (2) The value of the NO_x baseline emission factor shall be based on 92 percent of NO_x + total hydrocarbon (THC) EPA certified emission level pursuant to 40 CFR Part 89.112 and Subparts D and E for each diesel-fueled engine or if no certification exists, the baseline emission factors shall be taken from Table 1 –NO_x Baseline and Optional Emission Factors based on the type of refrigeration unit.
 - (3) The value of the NO_x optional emission factors shall be taken from Table 1 based on type of refrigeration unit.
 - (4) The actual activity level used to quantify the MSERCs shall be determined pursuant to subdivision (i) and either the quarterly validation if credits are issued retrospectively or twelve-month reconciliation if credits are issued prospectively pursuant to subdivision (k).
- (g) Source Category Evaluation
- (1) On or before July 1, 2006, the Executive Officer with CARB and EPA shall complete an evaluation of truck and trailer refrigeration units and agree whether future MSERCs, need to be discontinued or discounted to ensure credits remain surplus.
 - (2) The evaluation shall include, but is not limited to, an assessment of current and future local, state, and federal rules and regulations affecting truck and trailer refrigeration units.
 - (3) After the initial evaluation year specified in Table 1, the evaluation performed in paragraph (g)(1) shall be completed on a timeframe as agreed to by the District, CARB, and EPA, but not more than once per year.
 - (4) Subsequent evaluations performed pursuant to paragraph (g)(3) shall be completed at least six months prior to end of each evaluation period specified in paragraph (g)(3), for the remainder of the pilot program.
 - (5) No future MSERCs shall be issued if the evaluation is not completed or the District, CARB and EPA do not agree on whether future MSERCs need to be discontinued or the amount that the MSERCs need to be discounted.

(h) Credit Issuance

- (1) The Executive Officer shall issue MSERCs provided:
 - (A) the Application has been approved by the Executive Officer;
 - (B) the credit generator has submitted the information specified in subparagraphs (e)(2)(A) and (e)(2)(B);
 - (C) the credit generator has submitted records and reports pursuant to subdivision (i); and
 - (D) the Executive Officer has completed the quarterly validation of the activity level pursuant to subdivision (k) if the MSERCs are issued retrospectively pursuant to paragraph (h)(3).
- (2) The Executive Officer shall issue MSERCs:
 - (A) to the distribution center operator that meets the applicability requirements pursuant to subdivision (b) and the requirements pursuant to subdivision (d);
 - (B) retrospectively through the first two-year annual credit generation periods pursuant to paragraph (h)(3);
 - (C) either retrospectively for subsequent quarters following the end of the first two-year annual credit generation periods pursuant to paragraph (h)(3) or prospectively for subsequent annual credit generation periods following the end of the first two-year annual credit generation periods pursuant to paragraph (h)(4); and
 - (D) designated with a beginning and ending date based on the date of credit issuance.
- (3) The Executive Officer shall issue MSERCs retrospectively in quarterly increments, in pounds of NO_x:
 - (A) for each quarter through the end of the first two-year annual credit generation periods;
 - (B) for subsequent quarterly credit generation periods following the end of the first two-year annual credit generation periods if the credit generator elects to continue retrospective credit issuance and has not submitted a written request to the Executive Officer pursuant to subparagraph (h)(4)(A) to issue MSERCs prospectively;

- (C) for any quarterly generation period between the end of the first two-year annual credit generation periods and the next annual credit generation period that coincides with either the RECLAIM Compliance Cycle 1 or 2 as designated by the credit generator pursuant to paragraph (h)(7) if the credit generator elects to have MSERCs issued prospectively; and
 - (D) after the Executive Officer completes the quarterly validation pursuant to subdivision (k) and within 30 days after the submittal of the actual activity level pursuant to paragraph (i)(2).
- (4) The Executive Officer shall issue MSERCs prospectively in annual increments, in pounds of NO_x:
- (A) following the end of the first two-year annual credit generation periods and each annual credit generation period thereafter for a period not to exceed five years, provided the credit generator submits a written request to amend the Application for prospective credit issuance and designation of the RECLAIM Compliance Cycle for each annual credit generation period to the Executive Officer within 30 days after the end of the first two-year annual credit generation periods;
 - (B) in an amount based on an activity level as specified by the credit generator that is included in an amendment to their Application, that shall not exceed 120% of the annual average activity level that was reported and validated through the first two-year annual credit generation periods; and
 - (C) beginning on either a RECLAIM Cycle 1 or 2, as designated by the credit generator pursuant to subparagraph (h)(4)(A).
- (5) The Executive Officer shall discount MSERCs upon issuance by:
- (A) nine percent which will be retired for the benefit of the environment; and
 - (B) one percent which will either fund the Rule 518.2 – Federal Alternative Operating Conditions offset program, or if Rule 518.2 funding is not needed, be retired for the benefit of the environment.

- (6) Notwithstanding paragraph (h)(5), MSERCs generated from the use of electric standby mode for truck refrigeration units shall be further discounted by 30 percent prior to issuance.
 - (7) Any reductions other than NO_x that result from implementation of projects subject to this rule shall be retired for the benefit of the environment and ineligible for transfer or use.
 - (8) Notwithstanding Rule 2008 – Mobile Source Credits, for MSERCs issued retrospectively pursuant to paragraph (h)(3), MSERCs converted to RTCs shall be issued for the RECLAIM Compliance Cycle 1 or 2 that the credit generator selects provided the initial or quarterly credit generation period and subsequent quarterly credit generation period coincide with the entire RECLAIM Compliance cycle plus the reconciliation period of that cycle.
 - (9) Notwithstanding Rule 2008 – Mobile Source Credits, for MSERCs issued prospectively pursuant to paragraph (h)(4), MSERCs converted to RTCs shall be issued for either RECLAIM Compliance Cycle 1 or 2 provided that each annual credit generation period coincides with the entire cycle selected. If the initial credit generation period begins prior to the start of a complete RECLAIM Compliance Cycle, that portion of MSERCs converted to RTCs shall be issued for the current or previous cycle provided that this initial credit generation period completely coincides with the cycle selected.
 - (10) Any MSERCs not used by the specified expiration date shall be retired to benefit the environment and be ineligible for transfer or use.
- (i) Monitoring, Recordkeeping, and Reporting
- (1) For each truck and trailer refrigeration unit that uses electric energy from the distribution center, credit generators shall monitor and maintain records for the initial and each subsequent quarterly credit generation periods of the following:
 - (A) Numbers of kilowatt-hours that each refrigeration unit consumes while in electric standby mode using a non-resettable automatic data recorder or another method as approved by the District, ARB, and EPA;
 - (B) Cargo carried and loading and unloading times while at the distribution center;

- (C) Date stamped record of truck container or trailer door openings using an automatic data recorder or another method as approved by the District, ARB, and EPA; and
 - (D) Truck and trailer refrigeration unit identification, identification of the existing diesel-fueled engine used to power the refrigeration unit, including engine manufacturer, engine model, engine model year, engine displacement, engine horsepower, EPA certified emission factor; identification of the electric motor used to power the refrigeration unit during electric standby mode, including motor manufacturer, model number, model year, horsepower, and power consumption rate.
- (2) Within 30 days after the end of the initial and each subsequent quarterly credit generation period if credits are issued retrospectively, and within 30 days after the end of each twelve-month credit generation period if credits are issued prospectively, the credit generator shall submit the activity level specified in paragraph (i)(1).
 - (3) Notwithstanding paragraph (i)(2), if the initial credit generation period begins prior to a quarter and is two months or less, the credit generator shall submit the information specified in paragraph (i)(1) within 30 days after the end of the first quarterly credit generation period. For an initial credit generation period that is greater than two months, the credit generator shall submit the information specified in paragraph (i)(1) within 30 days after the end of the initial credit generation period.
 - (4) The credit generator shall maintain all data required to be gathered, computed, or reported pursuant to this rule for three years after each quarterly report is submitted to the District.
- (j) Credit Use
MSERCs generated under this rule may be used as RTCs under the provisions of Regulation XX – Regional Clean Air Incentive Market (RECLAIM).

- (k) Quarterly Validation and Reconciliation
 - (1) For MSERCs issued retrospectively pursuant to paragraph (h)(4), the reported activity level submitted pursuant to paragraphs (i)(2) and (i)(3) shall be reviewed by the Executive Officer upon submittal to validate the activity level. If the review indicates that the activity level reported is not consistent with records submitted pursuant to paragraph (i)(1), the Executive Officer shall appropriately adjust the activity level reported.
 - (2) The Executive Officer shall validate the activity level reported based on the analysis specified under paragraphs (k)(1) within 30 days after the reported activity level is submitted pursuant to paragraphs (i)(2) and (i)(3) for MSERCs issued retrospectively.
 - (3) For MSERCs issued prospectively pursuant to paragraph (h)(5), the actual activity level submitted pursuant to paragraph (j)(4) shall be reviewed upon submittal to evaluate if any shortfall exists between the actual activity level and activity level specified by the credit generator pursuant to subparagraph (h)(4)(B).
 - (4) If a shortfall exists between the actual and projected activity levels, the credit generator and user are subject to the penalty provisions specified under subdivision (l).
 - (5) If the actual activity level exceeded the activity level specified by the credit generator pursuant to subparagraph (h)(4)(B), then the Executive Officer shall after performing the evaluation required by paragraph (k)(3) issue additional MSERCs equal to the amount of the increase and pursuant to subdivision (h) for use in the current RECLAIM Compliance Cycle that ends no later than six months from the last day of the credit generation period of which the increase in activity level occurred.
- (l) Penalties
 - (1) If a shortfall exists pursuant to paragraph (k)(3), credits equal to 110 percent of the shortfall shall be obtained and surrendered to the Executive Officer such that the applicant shall retire NO_x MSERCs generated under the same or different Application or RTCs that are approved and designated for use within the same RECLAIM cycle or if not available, from the next RECLAIM cycle.

- (2) Any person submitting an Application who falsifies information in the Application or fails to implement any provision of the Application, shall be subject to the penalties specified in the Health and Safety Code for violation of District rules and shall be grounds for the Executive Officer to take one or more of the following actions:
 - (A) disapprove the Application and void all previously issued MSERCs, and those already converted to RTCs, that have not yet expired;
 - (B) designate the applicant to be ineligible to generate MSERCs; or
 - (C) assess the penalty specified in paragraph (l)(1).
 - (3) Any person who uses MSERCs converted into RTCs generated under this rule at a RECLAIM facility where previously issued MSERCs, and those already converted to RTCs, that have not yet expired are voided, shall be subject to the provisions specified in Rule 2010 – Administrative Remedies and Sanctions for RECLAIM rule violations. If there are multiple credit holders or users of credits generated under the same Application, each holder or user shall retire MSERCs or RTCs according to their prorated share of credits purchased.
- (m) Program Review
- (1) On or before April 2003 and biannually thereafter, up until credits are discontinued according to the source category evaluation performed pursuant to subdivision (g), the Executive Officer shall complete a review and present a report to the Governing Board that includes but not be limited to the following information:
 - (A) General description of projects participating in the pilot program and the amount of NO_x MSERCs, including the amount converted to RTCs, generated under the pilot program;
 - (B) The location of the credit generation projects and facilities using RTCs under this pilot program;
 - (C) The amount of NO_x MSERCs retired to benefit the environment; and
 - (D) The amount of concurrent non-NO_x emission reductions such as PM and toxic air contaminants, generated under the pilot program that have been retired to benefit the environment.

- (2) The Governing Board may suspend approval of pending Applications and receipt of additional Applications through a noticed public hearing.

Table 1
NO_x Baseline and Optional Emission Factors

Refrigeration Unit Type	NO _x Baseline Emission Factor (g/kW-hr)	NO _x Optional Emission Factor (g/kW-hr) ¹
Truck	4.0	0.1
Trailer	4.7	0.1

1. Based on an in-Basin NO_x emission factor of 0.232 pounds per megawatt-hour.

(Adopted November 9, 2001)

RULE 1634. PILOT CREDIT GENERATION PROGRAM FOR TRUCK STOPS

(a) Purpose

The purpose of this rule is to provide opportunities to generate NO_x mobile source emission reduction credits (MSERCs) for use in RECLAIM through the use of electric power in lieu of the operation of diesel-powered engines for truck cabs, and/or trailer refrigeration units.

(b) Applicability

(1) This rule applies to persons who voluntarily elect to generate NO_x MSERCs, which may be used in RECLAIM pursuant to Rule 2008 – Mobile Source Credits, through the use of electric power instead of operating diesel-powered engines at truck stops for:

- (A) trailer refrigeration units to operate in electric standby mode;
- (B) on-board electrical systems; or
- (C) heating, ventilating, and air conditioning (HVAC) to truck cabs at truck stops.

(2) This rule does not apply to any:

- (A) emission reductions produced by monies from any public air quality related funding program including but not limited to Rule 2202, the Carl Moyer Memorial Air Quality Standards Attainment Program, or AB2766 funding;
- (B) emission reductions required pursuant to any law, rule, or regulation, or legal instrument such as a legal settlement or consent decree; or
- (C) truck cab or chassis equipped with auxiliary power units.

(c) Definitions

(1) **ACTIVITY LEVEL (AL)** means for the purpose of this rule, the number of hours and the kilowatt-hours (kW-hr) electric power is supplied at a truck stop for the purposes of providing electric power to provide HVAC to the truck cab, operate on-board electric systems, and operate trailer

- refrigeration units in electric standby mode per quarter for retrospective credit issuance and per year for prospective credit issuance.
- (2) APPLICATION means for the purpose of this rule, the Rule 1634 MSERC Application as specified in subdivision (e).
 - (3) AUXILIARY ENGINE means an off-road diesel-fueled engine less than 100 horsepower which is used to power a trailer refrigeration unit.
 - (4) AUXILIARY POWER UNIT means any device powered by a small diesel-fueled engine externally mounted on the truck cab or chassis which is designed to provide heat and electric power for air conditioning and on-board electrical systems.
 - (5) BASELINE EMISSION FACTOR (EF_{base}) means for the purpose of this rule, the emission factor used to quantify annual emissions from a diesel-fueled engine used to supply power to a trailer refrigeration unit or for truck idling.
 - (6) CREDIT GENERATOR means the entity that has the rights through direct ownership, agreement, or contract to provide electric energy to truck operators while at truck stops in order to operate their on-board electric systems and trailer refrigeration units in electric standby mode, and provide HVAC to the truck cab, or if no agreement or contract exists, the operator of the truck stop.
 - (7) CREDIT GENERATION PERIOD means for the purpose of this rule, the timeframe that MSERCs are being generated and begins on the date that the requirements of subdivision (d) are met. The first segment of the credit generation period, which may be 3 months or less, is referred to as the “initial credit generation period” and each 3-month segment thereafter that begins on a calendar quarter is referred to as the “quarterly credit generation period.” The “first two annual credit generation periods” is the first eight full quarterly credit generation periods.
 - (8) CREDIT ISSUANCE PERIOD means the timeframe that MSERCs are issued and begins on the date that the requirements of subdivision (h) are met.
 - (9) DIESEL FUEL means any fuel that is commonly known as diesel fuel No. 1-D or 2-D, or meets the specifications in ASTM D 975, Standard Specifications for Diesel Fuel Oils.

- (10) DISTRICT means the geographical area defined by Rule 103 – Definition of Geographical Area.
- (11) ELECTRIC STANDBY MODE means the operation of a trailer refrigeration unit using an electric motor powered by electricity supplied at a truck stop.
- (12) EVALUATION YEAR means for the purpose of this rule, 2006 which represents the initial evaluation year and subsequent years thereafter as determined pursuant to paragraph (g)(3) during which the AQMD, CARB, and EPA will assess whether MSERCs may continue to be generated or if a portion or all future MSERCs need to be discontinued or discounted to ensure credits remain surplus.
- (13) HEATING, VENTILATING, AND AIR CONDITIONING (HVAC) means for the purpose of this rule, pre-conditioned air which is heated or cooled from an external source powered by electricity and used to provide a comfortable environment for the inside space of a truck cab.
- (14) IN-CAB APPLIANCE means any electric-powered device used for comfort or personal use including, but not limited, to heaters, fans, air conditioners, microwaves, televisions, personal computers, stereos, and refrigerators.
- (15) MOBILE SOURCE EMISSION REDUCTION CREDIT (MSERC) means for the purpose of this rule, emission reduction credits that meet the requirements of this rule and are issued as specified in paragraph (h)(2).
- (16) ON-BOARD ELECTRICAL SYSTEM means any in-cab appliance or electric-powered device installed in a truck such as an electric engine block heater which is capable of being operated on 110 Volts AC power from an external plug-in source.
- (17) OPTIONAL EMISSION FACTOR (EF_{opt}) means for the purpose of this rule, the emission factor used to quantify annual emissions from the use of electric power at a truck stop to operate trailer refrigeration units in electric standby mode, on-board electrical systems, and by providing HVAC to the truck cab and is based on either an in-Basin power generation emission factor of 0.1 grams per kilowatt-hour or 0.0 grams per kilowatt-hour if on-site generation using zero-emission technologies is used.
- (18) PROSPECTIVE CREDIT ISSUANCE OR PROSPECTIVELY means that MSERCs will be issued annually prior to generating credits.

- (19) QUARTER OR QUARTERLY is any three-month period from January 1 to March 31, April 1 to June 30, July 1 to September 30, or October 1 to December 31, inclusive.
 - (20) RECLAIM FACILITY means any stationary source subject to Regulation XX, pursuant to Rule 2001 - Applicability.
 - (21) RETIRE OR RETIRED means that the credit, regardless of the expiration date of the credit, can no longer be transferred or used.
 - (22) RETROSPECTIVE CREDIT ISSUANCE OR RETROSPECTIVELY means that MSERCs will be issued quarterly following submittal of the actual activity level specified in paragraph (i)(1) and the quarterly validation has been completed pursuant to subdivision (k).
 - (23) SURPLUS means that emission reductions achieved throughout the duration of the emission reduction activity that are not required or relied upon by any local, state, or federal rule, or regulation, and the federal Clean Air Act; and are not required or relied upon in an attainment demonstration, reasonable further progress demonstration, or emissions inventory thereby ensuring that there is no double counting of emission reductions.
 - (24) TRUCK means an on-road Class 8 heavy-duty diesel-fueled vehicle having a gross vehicle weight of greater than 33,000 pounds.
 - (25) TRUCK ENGINE means an on-road diesel-fueled engine used to supply power to a truck for propulsion.
 - (26) TRUCK OPERATOR means the person that operates the truck.
 - (27) TRUCK STOP means a for-profit facility that provides parking spaces and other services for trucks and their drivers.
 - (28) TRAILER REFRIGERATION UNIT means a refrigeration chiller powered by a diesel-fueled auxiliary engine or electric motor that is mounted on a trailer container for the purpose of providing chilled air to the contents of the trailer. For purposes of this rule, trailer refrigeration units use engines that are separate from the truck engine.
 - (29) ZERO-EMISSION TECHNOLOGIES mean any source of electrical power that does not produce NO_x emissions such as fuel cells and solar power.
- (d) Credit Generator Requirements
- (1) Any person that elects to generate MSERCs under this rule shall meet one or more of the following requirements:

- (A) Provide electric power while the truck engine is off and is parked at a truck stop to operate on-board electrical systems;
 - (B) Provide heating, ventilating, and air conditioning (HVAC) to truck cabs while the truck engine is off and is parked at a truck stop; or
 - (C) Provide electric power to power a trailer refrigeration unit while an auxiliary diesel engine is off and its truck and trailer are parked at a truck stop.
- (2) In addition to paragraph (d)(1), any person that elects to generate MSERCs under this rule shall meet all of the following requirements:
- (A) Demonstrate that the infrastructure, which includes a stationary ground power supply and transmission system necessary to provide electric power at the proper frequency and voltage at a truck stop for use by in-cab truck appliances, on-board systems, or trailer refrigeration units operating in electric standby mode, is installed no earlier than October 1, 2001;
 - (B) Demonstrate that the infrastructure, which includes an external device for supplying pre-conditioned air for HVAC for cooling and heating truck cabs at truck stops, is installed no earlier than October 1, 2001;
 - (C) Demonstrate that the credit generator has the right through direct ownership or an agreement or contract to provide electric energy or HVAC to heavy-duty trucks parked at the truck stop;
 - (D) Demonstrate that each truck stop is equipped with an electronic system capable of recording the location, date, time, truck operator, truck license number, and the number of hours electric power is consumed and the amount of energy consumed to operate on-board electrical systems, trailer refrigeration units, and provide HVAC to the truck cab per truck visit;
 - (E) Demonstrate that each truck stop is equipped with a totalizing hour and kilowatt-hour meter or electronic system capable of measuring the number of hours electric power is consumed in half hour increments and the amount of electric power consumed to operate on-board electrical systems, trailer refrigeration units, and provide HVAC to the truck cab per truck visit;
 - (F) Demonstrate that the truck stop is located in the District;

- (G) Submit an Application as specified in subdivision (e);
 - (H) Demonstrate compliance with the monitoring, recordkeeping, and reporting requirements specified in subdivision (i);
 - (I) Demonstrate that any on-site generation of electric power used to provide power for any of the requirements in paragraph (d)(1) is supplied by solar power or fuel cells; and
 - (J) Charge an hourly service fee to each truck operator for the use of any service specified in subparagraphs (d)(1)(A) or (d)(1)(B) that is greater than or equal to \$1.00 per hour.
- (e) Application
- (1) Any person that elects to generate MSERCs under this rule shall submit an Application to the District after adoption of this rule and no later than 30 days after installation of the necessary infrastructure pursuant to subparagraphs (d)(2)(A) or (d)(2)(B). No Applications may be submitted after January 1, 2004. The Application shall include the following:
 - (A) A description of the truck stop, including at a minimum:
 - (i) location of the truck stop; and
 - (ii) facility plot plan including locations and total number of truck parking stalls identifying those which will be used to provide electric power and HVAC.
 - (B) The projected initial service date that the credit generator will provide electrical power and HVAC to trucks that would represent the beginning of the credit generation period;
 - (C) Specification of whether zero-emission technologies are used to provide electrical power for the project; and
 - (D) Identification of the intended user(s) of the MSERCs, if available.
 - (2) If the initial installation of the infrastructure specified in subparagraphs (d)(2)(A) or (d)(2)(B) is before the Application is approved, the Application shall include the following additional information:
 - (A) Proof of installation of the infrastructure specified in subparagraphs (d)(2)(A) or (d)(2)(B);
 - (B) Proof the credit generator has the right through direct ownership or an agreement or contract to provide electric power and HVAC to heavy-duty trucks and trailer refrigeration units at truck stops.

- (3) The Application shall be deemed a plan, and plan fees shall be assessed in accordance with Rule 309 – Fees for Regulation XVI.
- (4) The Executive Officer shall approve or disapprove the Application and any subsequent revisions submitted pursuant to paragraph (e)(5), in writing within 90 days of submittal of a complete Application or Application revision.
- (5) Any person that submits an Application may amend the Application to:
 - (A) revise information provided under subparagraphs (e)(1)(A) through (e)(1)(D) at any time;
 - (B) include information required under subparagraphs (h)(4)(A) and (h)(4)(B) if the credit generator elects to have MSERCs issued prospectively after the first two annual credit generation periods; or
 - (C) revise the activity levels specified in subparagraph (h)(4)(B) no later than 180 days after the beginning eligibility credit issuance date pursuant to subparagraph (h)(2)(C).

(f) MSERC Quantification

- (1) MSERCs generated under subparagraphs (d)(1)(A) and (d)(1)(B) shall be quantified using the following equation:

$$\text{MSERC} = \frac{[(\text{EF}_{\text{base}})(\text{AL}_{\text{hr}}) - (\text{EF}_{\text{opt}})(\text{AL}_{\text{kW-hr}})]}{454}$$

Where:

- MSERC = Mobile source emission reduction credit (pounds of NO_x)
- EF_{base} = Baseline emission factor (g/hr)
- EF_{opt} = Optional emission factor (g/kW-hr)
- AL_{hr} = Activity level (hr)
- AL_{kW-hr} = Activity level (kW-hr)
- 454 = Conversion factor from grams to pounds

- (2) MSERCs generated under subparagraph (d)(1)(C) shall be quantified using the following equation:

$$\text{MSERC} = \frac{(\text{EF}_{\text{base}} - \text{EF}_{\text{opt}}) \times \text{AL}}{454}$$

Where:

MSERC	=	Mobile source emission reduction credit (pounds of NO _x)
EF _{base}	=	Baseline emission factor (g/kW-hr)
EF _{opt}	=	Optional emission factor (g/kW-hr)
AL	=	Activity level (kW-hr)
454	=	Conversion factor from grams to pounds

- (3) The value of the NO_x baseline emission factor for paragraph (f)(1) shall be 80.7 g/hr.
 - (4) The value of the NO_x baseline emission factor for paragraph (f)(2) shall be 4.7 g/kW-hr or if the credit generator elects to use a different value, the value shall be based on 92 percent of NO_x + nonmethane hydrocarbon (NMHC) EPA certified emission level pursuant to 40 CFR Part 89.112 and Subparts D and E for each diesel-fueled auxiliary engine.
 - (5) The value of the NO_x optional emission factors for paragraphs (f)(1) and (f)(2) shall be equal to:
 - (A) 0.1 g/kW-hr; or
 - (B) 0.0 g/kW-hr if the electric power is provided from zero-emissions technologies.
 - (6) The actual activity level used to quantify the MSERCs shall be determined pursuant to subdivision (i) and either the quarterly validation if credits are issued retrospectively or twelve-month reconciliation if credits are issued prospectively pursuant to subdivision (k).
- (g) Source Category Evaluation
- (1) On or before July 1, 2006, the Executive Officer with CARB and EPA shall complete an evaluation of truck idling and truck and trailer refrigeration units and agree whether future MSERCs need to be discontinued or discounted to ensure credits remain surplus.
 - (2) The evaluation shall include, but is not limited to, an assessment of current and future local, state, and federal rules and regulations affecting truck idling and truck and trailer refrigeration units at truck stops as well as an evaluation of the baseline emission factor to reflect current information.

- (3) After the initial evaluation, the evaluation performed in paragraph (g)(1) shall be completed on a timeframe as agreed to by the AQMD, CARB, and EPA, but not more than once per year.
 - (4) Subsequent evaluations performed pursuant to paragraph (g)(3) shall be completed at least six months prior to end of each evaluation period specified in paragraph (g)(3), for the remainder of the pilot program.
 - (5) No future MSERCs shall be issued if the evaluation is not completed or the AQMD, CARB and EPA do not agree on whether future MSERCs need to be discontinued or the amount that the MSERCs need to be discounted.
- (h) Credit Issuance
- (1) The Executive Officer shall issue MSERCs provided:
 - (A) the Application has been approved by the Executive Officer;
 - (B) the credit generator has submitted the information specified in subparagraphs (e)(2)(A) and (e)(2)(B);
 - (C) the credit generator has submitted records and reports pursuant to subdivision (i); and
 - (D) the Executive Officer has completed the quarterly validation of the activity level pursuant to subdivision (k) if the MSERCs are issued retrospectively pursuant to paragraph (h)(3).
 - (2) The Executive Officer shall issue MSERCs:
 - (A) to the credit generator that meets the applicability requirements pursuant to subdivision (b) and the requirements pursuant to subdivision (d);
 - (B) retrospectively through the first two annual credit generation periods pursuant to paragraph (h)(3);
 - (C) either retrospectively for subsequent quarters following the end of the first two annual credit generation periods pursuant to paragraph (h)(3) or prospectively for subsequent annual credit generation periods following the end of the first two annual credit generation periods pursuant to paragraph (h)(4); and
 - (D) designated with a beginning and ending date based on the date of credit issuance.
 - (3) The Executive Officer shall issue MSERCs retrospectively in quarterly increments, in pounds of NO_x:

- (A) for each quarter through the end of the first two annual credit generation periods;
 - (B) for subsequent quarterly credit generation periods following the end of the first two annual credit generation periods if the credit generator elects to continue retrospective credit issuance and has not submitted a written request to the Executive Officer pursuant to subparagraph (h)(4)(A) to issue MSERCs prospectively;
 - (C) for any quarterly generation period between the end of the first two annual credit generation periods and the next annual credit generation period that coincides with either the RECLAIM Compliance Cycle 1 or 2 as designated by the credit generator pursuant to paragraph (h)(7) if the credit generator elects to have MSERCs issued prospectively; and
 - (D) after the Executive Officer completes the quarterly validation pursuant to subdivision (k) and within 30 days after the submittal of the actual activity level pursuant to paragraph (i)(2).
- (4) The Executive Officer shall issue MSERCs prospectively in annual increments, in pounds of NO_x:
- (A) following the end of the first two annual credit generation periods and each annual credit generation period thereafter for a period not to exceed five years, provided the credit generator submits a written request to amend the Application for prospective credit issuance and designation of the RECLAIM Compliance Cycle for each annual credit generation period to the Executive Officer within 30 days after the end of the first two annual credit generation periods;
 - (B) in an amount based on an activity level as specified by the credit generator that is included in an amendment to their Application, that shall not exceed 120% of the annual average activity level that was reported and validated through the first two annual credit generation periods; and
 - (C) beginning on either a RECLAIM Cycle 1 or 2, as designated by the credit generator pursuant to subparagraph (h)(4)(A).
- (5) The Executive Officer shall discount MSERCs upon issuance by:
- (A) nine percent which will be retired for the benefit of the environment; and

- (B) one percent which will either fund the Rule 518.2 – Federal Alternative Operating Conditions offset program, or if Rule 518.2 funding is not needed, be retired for the benefit of the environment.
 - (6) Any reductions other than NO_x that results from implementation of projects subject to this rule shall be retired for the benefit of the environment and ineligible for transfer or use.
 - (7) Notwithstanding Rule 2008 – Mobile Source Credits, for MSERCs issued retrospectively pursuant to paragraph (h)(3), MSERCs converted to RTCs shall be issued for the RECLAIM Compliance Cycle 1 or 2 that the credit generator selects provided the initial or quarterly credit generation period and subsequent quarterly credit generation period coincides with the entire RECLAIM Compliance Cycle plus the reconciliation period of that cycle.
 - (8) Notwithstanding Rule 2008 – Mobile Source Credits, for MSERCs issued prospectively pursuant to paragraph (h)(4), MSERCs converted to RTCs shall be issued for either RECLAIM Compliance Cycle 1 or 2 provided that each annual credit generation period coincides with the entire cycle selected. If the initial credit generation period begins prior to the start of a complete RECLAIM Compliance Cycle, that portion of MSERCs converted to RTCs shall be issued for the current or previous cycle provided that this initial credit generation period completely coincides with the cycle selected.
 - (9) Any MSERCs not used by the specified expiration date shall be retired to benefit the environment and be ineligible for transfer or use.
- (i) **Monitoring, Recordkeeping, and Reporting**
- (1) For each truck that uses electric energy at a truck stop to operate trailer refrigeration units in electric standby mode, power on-board electric systems, and/or is provided with HVAC to the truck cab, credit generators shall monitor and maintain records for the initial and each subsequent quarterly credit generation periods of the following:
 - (A) Number of hours in half-hour increments rounded to the nearest half-hour that the diesel-powered truck engine is not operated while electric energy is consumed to power on-board electric systems and/or HVAC for the interior cab, using an electronic system capable of recording the location, date, time, truck operator, and truck license number per truck visit;

- (B) Number of kilowatt-hours (kW-hr) of electric energy supplied to the truck for use by on-board electric systems and/or HVAC that is supplied to the interior cab, using data recorders capable of recording the location, date, time, the hourly service fee, a written certification that the service fee charged to each truck operator meets the requirements specified pursuant to subparagraph (d)(2)(J), truck operator, truck license number, and energy consumption in kilowatt-hours (kW-hr);
 - (C) Numbers of kilowatt-hours (kW-hr) that each trailer refrigeration unit consumes while in electric standby mode using a kilowatt-hour meter or electronic system capable of measuring and recording the electric power supplied in kilowatt hours (kW-hr); and
 - (D) For those credit generators electing to use a different value of the baseline emission factor for paragraph (f)(2) other than the default value of 4.7 g/kW-hr, identification of the existing diesel-fueled engine used to power the trailer refrigeration unit, including engine manufacturer, engine model, engine model year, engine displacement, engine horsepower, and EPA certified emission factor.
- (2) Within 30 days after the end of the initial and each subsequent quarterly credit generation period if credits are issued retrospectively, and within 30 days after the end of each twelve-month credit generation period if credits are issued prospectively, the credit generator shall submit the activity level specified in paragraph (i)(1).
 - (3) Notwithstanding paragraph (i)(2), if the initial credit generation period begins prior to a quarter and is two months or less, the credit generator shall submit the information specified in paragraph (i)(1) within 30 days after the end of the first quarterly credit generation period. For an initial credit generation period that is greater than two months, the credit generator shall submit the information specified in paragraph (i)(1) within 30 days after the end of the initial credit generation period.
 - (4) The credit generator shall maintain all data required to be gathered, computed, or reported pursuant to this rule for five years after each quarterly report is submitted to the District.

- (5) The monitoring devices specified in subparagraphs (i)(1)(A) and (i)(1)(B) may be combined into one system and may record the data from more than one parking space provided the requirements of subparagraphs (i)(1)(A) and (i)(1)(B) are met.
- (j) **Credit Use**
MSERCs generated under this rule may be used as RTCs under the provisions of Regulation XX – Regional Clean Air Incentive Market (RECLAIM).
- (k) **Quarterly Validation and Reconciliation**

 - (1) For MSERCs issued retrospectively pursuant to paragraph (h)(3), the reported activity level submitted pursuant to paragraphs (i)(2) and (i)(3) shall be reviewed by the Executive Officer upon submittal to validate the activity level. If the review indicates that the activity level reported is not consistent with records specified in paragraph (i)(1), the Executive Officer shall appropriately adjust the activity level reported.
 - (2) The Executive Officer shall validate the activity level reported based on the analysis specified under paragraphs (k)(1) within 30 days after the reported activity level is submitted pursuant to paragraphs (i)(2) and (i)(3) for MSERCs issued retrospectively.
 - (3) For MSERCs issued prospectively pursuant to paragraph (h)(4), the actual activity level submitted pursuant to paragraph (i)(2) shall be reviewed upon submittal to evaluate if any shortfall exists between the actual activity level and activity level specified by the credit generator pursuant to subparagraph (h)(4)(B).
 - (4) If a shortfall exists between the actual and projected activity levels, the credit generator and user are subject to the penalty provisions specified under subdivision (l).
 - (5) If the actual activity level exceeded the activity level specified by the credit generator pursuant to subparagraph (h)(4)(B), then the Executive Officer shall after performing the evaluation required by paragraph (k)(3) issue additional MSERCs equal to the amount of the increase and pursuant to subdivision (h) for use in the current RECLAIM Compliance Cycle that ends no later than six months from the last day of the credit generation period of which the increase in activity level occurred.

(l) Penalties

- (1) If a shortfall exists pursuant to paragraph (k)(3), credits equal to 110 percent of the shortfall shall be obtained and surrendered to the Executive Officer such that the applicant shall retire NO_x MSERCs generated under the same or different Application or RTCs that are approved and designated for use within the same RECLAIM cycle or if not available, from the next RECLAIM cycle.
- (2) Any person submitting an Application who falsifies information in the Application, fails to implement any provision of the Application, or fails to charge the minimum service fee as specified in subparagraph (d)(2)(J) shall be subject to the penalties specified in the Health and Safety Code for violation of District rules and shall be grounds for the Executive Officer to take one or more of the following actions:
 - (A) disapprove the Application and void all previously issued MSERCs, and those already converted to RTCs, that have not yet expired;
 - (B) designate the applicant to be ineligible to generate MSERCs; or
 - (C) assess the penalty specified in paragraph (l)(1).
- (3) Any person who uses MSERCs converted into RTCs generated under this rule at a RECLAIM facility where previously issued MSERCs, and those already converted to RTCs, that have not yet expired are voided, shall be subject to the provisions specified in Rule 2010 – Administrative Remedies and Sanctions for RECLAIM rule violations. If there are multiple credit holders or users of credits generated under the same Application, each holder or user shall retire MSERCs or RTCs according to their prorated share of credits purchased.

(m) Program Review

- (1) On or before April 2003 and biannually thereafter, up until credits are discontinued according to the source category evaluation performed pursuant to subdivision (g), the Executive Officer shall complete a review and present a report to the Governing Board that includes but not be limited to the following information:

- (A) General description of projects participating in the pilot program and the amount of NO_x MSERCs, including the amount converted to RTCs, generated under the pilot program;
- (B) The location of the credit generation projects and facilities using RTCs under this pilot program;
- (C) The amount of NO_x MSERCs retired to benefit the environment;
- (D) The amount of concurrent non-NO_x emission reductions such as PM and toxic air contaminants, generated under the pilot program that have been retired to benefit the environment; and
- (E) Identification of compliance and implementation issues, if any, associated with credit generation projects.

12/30/10

Adopted November 5, 2010

RULE 1714. PREVENTION OF SIGNIFICANT DETERIORATION FOR GREENHOUSE GASES

(a) Purpose

This rule sets forth preconstruction review requirements for greenhouse gases (GHG). The provisions of this rule apply only to GHGs as defined by EPA to mean the air pollutant as an aggregate group of six GHGs: carbon dioxide, nitrous oxide, methane, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride. All other attainment air contaminants, as defined in Rule 1702 subdivision (a), shall be regulated for the purpose of Prevention of Significant Deterioration (PSD) requirements pursuant to Regulation XVII, excluding Rule 1714.

(b) Applicability

The provisions of this rule shall apply to any source and the owner or operator of any source subject to any GHG requirements under 40 Code of Federal Regulations Part 52.21 as incorporated into this rule.

(c) Incorporation by Reference

Except as provided below, the provisions of Title 40 of the Code of Federal Regulations (CFR) Part 52.21, are incorporated herein by reference and made part of the Rules and Regulations of the South Coast Air Quality Management District.

(1) The following subsections of 40 CFR Part 52.21 are excluded: (a)(1), (b)(13), (b)(14), (b)(15), (b)(55-58), (c), (d), (e), (f), (g), (h), (i)(1)((i-v) and (ix-xi), (i)(6-8), (k), (l), (m), (o), (p), (q), (s), (t), (u), (v), (w), (x), (y), (z), (aa), and (cc).

(2) The following term found in 40 CFR Part 52.21(b) is revised as follows:

(A) The term "administrator" means:

(i) "federal administrator" in 40 CFR 52.21(b)(17), (b)(37)(i), (b)(43), (b)(48)(ii)(c), (b)(50)(i), and (b)(51); and

(ii) Executive Officer elsewhere, as defined in Rule 102.

(d) Requirements

(1) An owner or operator must obtain a PSD permit pursuant to this rule before beginning actual construction, as defined in 40 CFR 52.21 (b)(11), of a new major stationary source or major modification to an existing major source as defined in 40 CFR 52.21 (b)(1) and (b)(2), respectively.

- (2) Notwithstanding the provisions of any other District Rule or Regulation, the Executive Officer shall require compliance with this rule, if applicable, prior to issuing a PSD permit for GHG emissions as required by CAA Section 165

(e) Public Participation

For major stationary sources subject to Rule 1714, after receipt of a complete application, the Executive Officer shall:

- (1) Make a preliminary determination whether construction shall be approved, approved with conditions, or disapproved;
- (2) Make available for public review a copy of materials the applicant submitted, a copy of the preliminary determination, a copy of the proposed permit, and a copy or summary of other materials, if any, considered in making the preliminary determination. The confidentiality of trade secrets shall be considered in accordance with Section 6254.7 of the Government Code;
- (3) Notify the public, by advertisement in a newspaper of general circulation in the District, of the application, the preliminary determination, the degree of increment consumption that is expected from the source or modification, whether an alternative to an EPA approved model was used, and of the opportunity for written public comment. The applicant shall be responsible for the distribution of the public notice to each address within a 1/4-mile radius of the project or such other greater area as determined appropriate by the Executive Officer. The applicant shall provide verification to the Executive Officer that the public notice has been distributed as required by this Section. The notice shall provide 30 days from date of publication for the public to submit written comments;
- (4) Send a copy of the notice of public comment to the applicant, the EPA Administrator, and to officials and agencies having cognizance over the location where the proposed construction would occur as follows: any other state or local air pollution control agencies, the chief executives of the city and county where the source would be located, any comprehensive regional land use planning agency, and any State or Federal Land Manager, or Indian Governing body whose lands may be affected by emissions from the source or modification;
- (5) Provide opportunity for a public hearing for interested persons to appear and submit written or oral comments on the air quality impact of the source, alternatives to it, the control technology required, and other appropriate considerations;

- (6) Consider all written comments submitted within a time specified in the notice of public comment and all comments received at any public hearing(s) in making a final decision on the approvability of the application. The Executive Officer shall make all comments available for public inspection in the same locations where the Executive Officer made available preconstruction information relating to the proposed source or modification.
- (7) Make a final determination whether construction should be approved, approved with conditions, or disapproved; and
- (8) Notify the applicant in writing of the final determination and make such notification available for public inspection at the same location where the Executive Officer made available preconstruction information and public comments relating to the source.

11/30/94

(Adopted September 9, 1994)

RULE 1901. GENERAL CONFORMITY

The provisions of Part 51, Subchapter C, Chapter I, Title 40, of the Code of Federal Regulations (CFR), in effect December 27, 1993, applicable to the subparts listed in this regulation were adopted by the South Coast Air Quality Management District on the Date shown and were made part of Rule 1901 - General Conformity in the Rules and Regulations of the South Coast Air Quality Management District.

The provisions of this Regulation apply to any general federal action which are funded or approved under Title 23 U.S.C. For the purpose of this Regulation, the "State agency primarily responsible for the applicable implementation plan" as used in Part 51, Subchapter C, Chapter I, Title 40, of the CFR shall mean SCAQMD, the word "MPO" as used in Part 51, Subchapter C, Chapter I, Title 40, of the CFR shall mean SCAG. Other deviations from these federal standards as presented in the CFR and which were ordered by the South Coast Air Quality Management District are noted in the affected subpart.

Part 51

Subpart W Determining Conformity of General Federal Actions to State or
Federal Implementation Plans (Rule 1901 - General Conformity)
(58FR63247, Nov. 30, 1993) (Adopted September 9, 1994)