

Southwest Clean Air Agency

11815 NE 99th Street, Suite 1294, Vancouver, WA 98682-2322 Voice: (360) 574-3058 Fax: (360) 576-0925

APPLICATION FOR ERC - DEPOSIT

Application Fee \$400 (to be submitted with application)

| | | |
|---------------------|--|--------|
| APPLICANT NAME | ADDRESS | PHONE: |
| | | FAX: |
| OWNER/OPERATOR NAME | ADDRESS | PHONE: |
| | | FAX: |
| STATION NAME | ADDRESS | PHONE: |
| | | FAX: |
| STATION ID | CAUSE OF REDUCTION | |
| | <input type="checkbox"/> Shutdown <input type="checkbox"/> Relocation <input type="checkbox"/> Replacement <input type="checkbox"/> Additional Controls <input type="checkbox"/> Process Change <input type="checkbox"/> Other _____ | |

TYPE OF PROCESS, EQUIPMENT, APPARATUS, EMISSION UNITS OR ACTIVITIES INVOLVED WITH THE EMISSION REDUCTION:

TYPE(S) AND QUANTITY(IES) OF CONTAMINANT(S):

DATE WHEN REDUCTION IS TO OR DID TAKE PLACE: _____

METHOD OF DETERMINING REDUCTION: _____

PARAMETERS TO BE MONITORED TO ENSURE CONTINUED REDUCTION: _____

IS THE CREDIT TO BE USED FOR OFFSETTING OR NETTING OUT FOR OTHER PURPOSES? If yes, explain: _____

I do hereby certify that the information contained in this Application for Emission Reduction Credits is, to the best of my knowledge, accurate and complete.

(Signature) _____ (Title) _____ (Representing) _____ (Date) _____

AUTHORITY USE ONLY

SWCAA ID #: _____ ERC #: _____

Fee Paid Date: _____ Receipt #: _____

AUTHORITY USE ONLY

Date Stamp

INSTRUCTIONS

Attach additional pages as necessary.

1. Refer to attached regulation excerpts for detailed requirements of the Emission Reduction Credit Program.
2. Submit only one copy of the Emission Reduction Credit - Deposit application along with supporting information from below.
3. Indicate if control equipment or emission unit is being shutdown, relocated, removed, replaced, or is being upgraded or new controls are being added to cause the reduction in emissions. Indicate manufacturer and model for any equipment involved in the reduction.
4. Include a description of the project along with one set of drawings, a list of equipment affected, and a scope of work.
5. Identify the types and quantities of each pollutant that is involved in the reduction and clearly specify for which pollutant you are applying for a credit.
6. Payment must be made with the application and the application must be complete before the application can be processed.
7. A credit will have been established after the final Order of Approval for the credit is issued. SWCAA will provide for the public notice and the certificate.

GENERAL REGULATIONS FOR AIR POLLUTION SOURCES

SWCAA 400-130 Use of Emission Reduction Credits

[Statutory Authority: Chapter 70.94.141 RCW. Original adoption by Board 12/16/86; Amended by Board 9/21/93; 93-21-005 filed 10/7/93, effective 11/8/93; 95-17-084 filed 8/21/95, effective 9/21/95; 99-07-029 filed 3/10/99, effective 4/11/99; 01-05-057 filed 2/15/01, effective 3/18/01; 03-21-045 filed 10/9/03, effective 11/9/03]

- (1) **Applicability.** The owner(s) of any emission reduction credits (ERCs) shall maintain its ability to use said ERCs through approval and registration with the Agency. An ERC shall be considered an emission unit and subject to registration. If the owner of said ERCs fails to maintain or renew its annual registration 6 months beyond the due date, fails to pay its operating permit fee 6 months beyond the due date or has not applied for emission reduction credits, then said amount of emission reduction credits shall revert back to the Agency. The Agency may keep said credits in a credit bank to be used by the Agency in the best interest of the area or credits may be dissolved by the Agency.
- (2) **Permissible use.** An ERC may be used to satisfy the requirements for authorization of a bubble under SWCAA 400-120, as a part of a determination of "net emissions increase," as an offsetting reduction to satisfy the requirements for new source review per SWCAA 400-111, 400-112, or 400-113(3). The use of any ERC shall be consistent with all other federal, state, and local requirements of the program in which it is used.
- (3) **Conditions of use.** An ERC may be used only for the air contaminant(s) for which it was issued and in the area for which it was issued except in the case of transportable pollutants, which will be determined on a case-by-case basis and per interagency agreement for interstate transfers. The Agency may impose additional conditions of use of ERCs to account for temporal and spatial differences between the emission unit(s) that generated the ERC and the emission unit(s) that use the ERC. An ERC may not be used in place of a growth allowance as required under SWCAA 400-111.
- (4) **Procedures to use ERC.**
 - (a) **Individual use.** When an ERC is used under subsection (2) of this section, an application must be submitted to the Agency and the Agency must issue a regulatory order for use of the ERC(s).
 - (b) **Sale or transfer of an ERC.** An ERC may be sold or otherwise transferred to a person other than the person to whom it was originally issued. An application for the sale or transfer must be submitted by the original ERC owner to the Agency. After receiving an application, the Agency shall reissue a regulatory order to the new owner. The Agency shall update the ERC bank to reflect the availability or ownership of ERCs. No discounting shall happen as part of this type of transaction.
- (5) **Expiration of ERC.** An unused ERC and any unused portion thereof shall expire five years after the date the emission reduction was accomplished and not the date of the regulatory order.
- (6) **Maintenance of ERCs.** The Agency has established its policy and procedure for maintenance of ERCs in SWCAA 400-136 Maintenance of Emission Reduction Credits in Bank.

SWCAA 400-131 Deposit of Emission Reduction Credits Into Bank

[Statutory Authority: Chapter 70.94.141 RCW, and 70.94.850 RCW. Originally adopted by Board as 400-120 on 3/20/84; renumbered to 400-131 in 93-21-005 filed 10/7/93, effective 11/8/93; 95-17-084 filed 8/21/95, effective 9/21/95; 99-07-029 filed 3/10/99, effective 4/11/99; 01-05-057 filed 2/15/01, effective 3/18/01; 03-21-045 filed 10/9/03, effective 11/9/03]

- (1) **Applicability.** The owner(s) or operator(s) of any "stationary source" may apply to the Agency for an emission reduction credit (ERC) if the "stationary source" proposes to reduce its actual emission rate for any contaminant regulated by state or federal law or regulations established to implement such law(s) for which the emission requirement may be stated as an allowable limit in weight of contaminant per unit time for the emission unit(s) involved.
- (2) **Time of application.** The application for an ERC must be made prior to or within one hundred eighty days after the emission reduction has been accomplished.
- (3) **Conditions.** An ERC may be authorized provided the following conditions have been demonstrated to the satisfaction of the Agency.

GENERAL REGULATIONS FOR AIR POLLUTION SOURCES

- (a) No part of the emission reductions claimed for credit shall have been required pursuant to an adopted rule.
 - (b) The quantity of emission reductions claimed for credit shall be less than or equal to the old allowable emissions rate or the old actual emissions rate, whichever is the lesser, minus the new allowable emissions rate.
 - (c) The ERC application must include a description of all the changes that are required to accomplish the claimed emission reduction, such as, new control equipment, process modifications, limitation of hours of operation, permanent shutdown of equipment, specified control practices and any other pertinent supporting information.
 - (d) The quantity of emission reductions claimed must be greater than 1 ton/year and be readily quantifiable for the emission unit(s) involved.
 - (e) No part of the emission reductions claimed for credit shall have been used as part of a determination of net emission increase, nor as part of an offsetting transaction under SWCAA 400-112(5) nor as part of a bubble transaction under SWCAA 400-120 nor to satisfy NSPS, NESHAPS, BACT, MACT, RACT, LAER or other applicable emission standard.
 - (f) Concurrent with or prior to the authorization of an ERC, the applicant shall have received a regulatory order or permit that establishes total allowable emissions from the "stationary source" or emission unit of the contaminant for which the ERC is requested, expressed as weight of contaminant per unit time.
 - (g) The use of any ERC shall be consistent with all other federal, state, and local requirements of the program in which it is used.
- (4) **Additional information.** Within thirty days after the receipt of an ERC application, supporting data and documentation, the Agency may require the submission of additional information needed to review the application.
- (5) **Approval.** Within sixty days after all required information has been received, the Agency shall approve or deny the application, based on a finding that conditions in subsections (3)(a) through (g) of this section have been satisfied or not. If the application is approved, the Agency shall:
- (a) Issue a regulatory order or equivalent document to assure that the emissions from the "source" will not exceed the allowable emission rates claimed in the ERC application, expressed in weight of pollutant per unit time for each emission unit involved. The regulatory order or equivalent document shall include any conditions required to assure that subsections (3)(a) through (g) of this section will be satisfied. If the ERC depends in whole or in part upon the shutdown of equipment, the regulatory order or equivalent document must prohibit operation of the affected equipment; and,
 - (b) Issue a regulatory order with emission reduction credit. The regulatory order shall specify the issue date, the contaminant(s) involved, the emission decrease expressed as weight of pollutant per unit time, the nonattainment area involved, if applicable, and the person to whom the regulatory order is issued.
- (6) **Maintenance and use of ERCs.** The Agency has established its policy and procedure for maintenance of ERCs in SWCAA 400-136. The Agency has established its policy and procedure for use of ERCs in SWCAA 400-130.

SWCAA 400-136 Maintenance of Emission Reduction Credits in Bank

[Statutory Authority: Chapter 70.94.141 RCW, and 70.94.850 RCW. Original Board adoption as 400-125 4/17/84; renumbered to 400-136 in 93-21-005 filed 10/7/93, effective 11/8/93; 95-17-084 filed 8/21/95, effective 9/21/95; 96-21-100 filed 10/21/96, effective 11/21/96; 99-07-029 filed 3/10/99, effective 4/11/99; 01-05-057 filed 2/15/01, effective 3/18/01; 03-21-045 filed 10/9/03, effective 11/9/03]

- (1) **Applicability.** The Agency shall maintain a bank for the purpose of administering emission reduction credits (ERCs) pursuant to the provisions of RCW 70.94.850.
- (2) **Conditions for ERC bank.**

GENERAL REGULATIONS FOR AIR POLLUTION SOURCES

- (a) ERCs established under SWCAA 400-131 shall be available for said credit bank.
 - (b) ERCs shall not have been used, sold or transferred to another entity for use; e.g. ERCs cannot be banked or used by two "sources" at one time.
 - (c) ERCs established under SWCAA 400-131 or used under SWCAA 400-130 for a specific "source" shall be allocated privately and not be available for public allocation unless specifically requested by the owner(s) of the ERCs or the owner of the ERCs fails to maintain registration with the Agency.
- (3) **Maintenance of the bank.**
- (a) The Agency shall maintain an emission inventory of all allowed and actual emissions (including any growth allowances identified in a maintenance plan) in each of the nonattainment or maintenance areas by pollutant or in the case of ozone, it shall be volatile organic compounds and oxides of nitrogen.
 - (b) The ERCs contained in the bank shall be discounted by 10 percent to allow for minor emission increases in nonattainment areas by minor "sources" each of which would emit less than one ton per year. Minor emitting "sources" shall be ineligible to receive or expend an emission reduction credit as identified in SWCAA 400-131 or 400-130. ERCs shall be discounted at the applicable ratio on a one-time basis at the time of deposit into the bank. ERCs shall not be discounted each time a transaction is completed. If reductions in emission beyond those identified in the Washington SIP are required to meet an ambient air quality standard, if the standard cannot be met through controls on operating "sources," and if the plan must be revised, ERCs may be discounted by the Agency over and above the initial 10 percent without compensation to the holder after public involvement pursuant to SWCAA 400-171. Any such discount shall not exceed the percentage of additional emission reduction needed to reach or maintain attainment status.
 - (c) The Control Officer shall not provide greater than 25 percent of the available emission credit in the bank to a single applicant. Any exceptions shall be considered on a case-by-case basis by the Board of Directors after a public notice at the next regularly scheduled meeting.
 - (d) When the Control Officer issues credits for a new or modified "stationary source," the amount of emission credits shall be removed from the bank and a regulatory order allocating the emission credits shall be issued. The applicant shall start a continuous program of construction or process modification within 18 months. If the applicant does not exercise the approval, the emission credit allocation shall expire and revert to the bank. If there is a six month delay in construction after the start of a continuous program to construct or modify a "stationary source" or emission unit the remaining amount of the emission reduction credit shall be reviewed by the Control Officer and if it is determined that the unused portion of the credit will not, in all likelihood be used in the next year, the Control Officer shall notify the applicant that the credit allocation has expired and shall revert to the bank. The applicant shall reapply, as needed, for use of the emission reduction credits when a continuous program of construction or modification begins.
- (4) **Annual review.** The Agency shall review the content and administration of this section annually to ensure regulatory consistency and equity of impact as a portion of the Washington SIP review. The results of the review shall be reported to the Board with recommendations for correction if the Control Officer deems that such corrections are necessary to properly administer the emission credit bank.
- (5) **Issuance and use of ERCs.** The Agency has established its policy and procedure for deposit of ERCs in SWCAA 400-131. The Agency has established its policy and procedure for use of ERCs in SWCAA 400-130.
- (6) **Expiration of public credits.**
- (a) Emissions reduction credits deposited in the bank for public allocation (public bank) as the result of the shutdown of the Carborundum facility expired on July 8, 1996 as provided in Regulatory Order SWCAA 86-843 which established such credits.

GENERAL REGULATIONS FOR AIR POLLUTION SOURCES

- (b) Emission reduction credits deposited in the bank for public allocation as the result of Board Resolution 1988-3 amended by Board Resolution 1989-3 expired on January 24, 1999.
- (c) Credits and regulatory orders/certificates assigned to "stationary sources" from this public bank expired on July 8, 1996.
- (d) Each "stationary source" which had credits assigned from the public bank by issuance of a regulatory order shall be approved for the total of previous emissions plus any additional amount approved under a regulatory order assigning public credits to that "stationary source" effective July 8, 1996.
- (e) Emission reduction credits deposited into the public bank shall not be available to be assigned to any "stationary source" after July 8, 1996.