



Air Pollution Control Board

Greg Cox	District 1
Dianne Jacob	District 2
Pam Slater-Price	District 3
Ron Roberts	District 4
Bill Horn	District 5

April 3, 2008

NOTICE OF WORKSHOP

FOR DISCUSSION OF THE ADOPTION OF PROPOSED NEW RULE 27.1 – FEDERAL REQUIREMENTS FOR OWNERS OF MOBILE SOURCES THAT GENERATE CREDITS UNDER THE SAN DIEGO COUNTY AIR POLLUTION CONTROL DISTRICT’S, “ALTERNATIVE MOBILE SOURCE EMISSION REDUCTION PROGRAM FOR REPLACING MEDIUM AND HEAVY HEAVY-DUTY DIESEL POWERED VEHICLES AND REPOWERING OF MARINE VESSELS UNDER RULE 27(c)(1)(vi)”, AS APPROVED ON SEPTEMBER 8, 2000, AND CONDITIONS FOR USE OF SUCH CREDITS

The San Diego County Air Pollution Control District (District) will hold a public meeting to consider comments concerning adopting proposed new Rule 27.1, which would allow use of mobile source emission reduction credits (MERCs) created under the District’s alternative MERC program entitled, “Alternative Mobile Source Emission Reduction Program for Replacing Medium and Heavy Heavy-Duty Diesel Powered Vehicles and Repowering of Marine Vessels Under Rule 27 (c)(1)(vi)” (Alternative Program), to be used as federal new source review (NSR) offsets. Comments may be submitted in writing before, or made at, the workshop, which is scheduled as follows:

DATE: Wednesday, May 7, 2008

TIME: 10:00 a.m. to 12:00 Noon

PLACE: San Diego Air Pollution Control District
Main Conference Room
10124 Old Grove Road
San Diego, CA 92131

On September 8, 2000, the District established the Alternative Program, with the concurrence of the California Air Resources Board (ARB), to create mobile emission reductions credits (MERCs) for oxides of nitrogen (NOx) under the provisions of Rule 27(c)(1)(vi). The existing Alternative Program allowed the owners of certain mobile sources — marine vessels, heavy heavy-duty vehicles in refuse collection applications, and medium heavy-duty vehicles —

powered with diesel engines to generate permanent MERCs through actual NO_x emission reductions that could be used to offset emission increases at stationary sources. To date, approximately 78.6 tons of such MERCs have been generated. Although the individual MERCs created under the existing Alternative Program have been reviewed by EPA (and ARB), certain elements of the program, in some cases revised to address EPA requirements, must be incorporated in the State Implementation Plan to ensure the MERCs are considered federally enforceable by EPA. Federal enforceability is one prerequisite for the MERCs to be accepted by EPA as offsetting emission increases at a stationary source for purposes of federal new source review.

Therefore, the District is now proposing to adopt new Rule 27.1 to incorporate federal requirements on the creation and use of the MERCs pursuant to the existing Alternative Program, and submit the adopted rule to EPA for inclusion into the SIP. For the most part, the requirements are already substantively contained in the provisions of the existing Alternative Program adopted by the District in 2000.

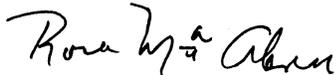
Specifically, the proposed rule will:

- Establish limitations and conditions for use of the MERCs to satisfy federal requirements. These limitations and conditions for use include those already contained in the existing Alternative Program and, additionally, an explicit requirement that the MERC be valid for the lifetime of the project for which it is used to provide NSR offsets and that the MERC use be authorized in writing by EPA.
- Require that the original engines that are replaced to create a MERC be destroyed or permanently removed from San Diego County. The engine may be relocated within California only under certain prescribed circumstances, and the engine may not be relocated in Baja California. This requirement is contained in the existing Alternative Program.
- Include requirements to ensure the emission reductions remain permanent if a mobile source used to create a MERC is repowered or replaced. These requirements are contained in the existing Alternative Program.
- Require certain records to be maintained 20 years from the date the MERC is created. In the existing Alternative Program, these same records must be maintained for the lesser of the credit lifetime or 20 years.
- Require that all records be kept for at least five years from the date of their creation, except that activity monitoring records must be kept at least 15 years from the beginning of the 10-year activity monitoring period. The existing Alternative Program requires that all records be kept for at least five years from the date of their creation.
- Require that a letter must accompany all required reports of activity monitoring, that it is signed by the owner of the mobile sources that are the basis of a MERC, and states that all activity monitoring information is true, accurate, and complete.

- Retain those definitions from the existing Alternative Program necessary for proposed new Rule 27.1, with some minor clarifications.

It is important to note that the existing Alternative Program will remain unchanged by this action and continue to be applicable to the creation and use of MERCs under that program. Consequently, both the requirements of the existing Alternative Program and those of proposed new Rule 27.1 would be applicable to the creation and use of such MERCs if Rule 27.1 is adopted.

If you would like a copy of proposed new Rule 27.1 or the existing Alternative Program, please visit the District's website at www.sdapcd.org, under Rules & Regulations, Public Workshop, or call Janet McCue at (858) 586-2712. If you have any questions concerning the rule, please contact Steven Moore at (858) 586-2750.



ROSA MARIA S. ABREU, Assistant Director
Air Pollution Control District

RMA:SBM:jlm