

**RULE 26.6. DISTRICT BANKING OF EMISSION REDUCTION CREDITS (ERCs)** (Adopted and Effective: 10/22/97)

**(a) REQUIREMENTS**

The District may bank emission reductions as Class A ERCs from any source according to the following requirements:

(1) Emission reductions occurring more than five years before the date the emission reductions are added to the District Bank shall not be eligible to be banked.

(2) The quantity of actual emission reductions eligible to be banked shall be determined in accordance with the requirements of Rule 26.0(d). The actual emission reductions shall also comply with the requirements of Rule 26.1 as they would apply at the time the reductions occurred.

(3) The District may bank emission reductions resulting from the cancellation, expiration or retirement of a Permit to Operate. If the former permit holder renews an expired or retired Permit to Operate within 180 days from the date the Permit to Operate expired or was retired and the District has added the resulting ERCs to the District Bank, the District shall cancel an equivalent amount of ERCs from the District Bank as were added as a result of the expiration or retirement. Upon written request of the former permit holder, the District shall extend the 180 day period an additional 90 days. If the former permit holder files an application to bank the emission reductions within two years of the date the Permit to Operate was cancelled, expired or was retired and the District determines Class A ERCs should be granted, the District shall cancel an equivalent amount of ERCs from the District Bank as were added as a result of the cancellation, expiration or retirement when the Class A ERCs are granted. The former permit holder's right to bank such reductions shall be terminated two years after the date the Permit to Operate was cancelled, expired or was retired.

(4) If the owner files an application for a Permit to Operate the emission unit for which a Permit to Operate expired or was retired and for which the District banked the associated emission reductions, the District shall cancel the resulting banked ERCs or shall cancel an equivalent amount of ERCs from the District Bank. These provisions shall not apply if such application is filed one year or more after the Permit to Operate expired or was retired.

(5) ERCs from the District Bank shall not be transferred or banked by the recipient and shall be returned to the District Bank by the District in the event they are no longer required as offsets for the emission unit for which they were issued.

**(b) USE OF DISTRICT EMISSION REDUCTION CREDITS**

The use of District Bank ERCs shall be prioritized in the following order. In order to make this prioritization, the Air Pollution Control Officer shall determine, based on a review of the District's permit program for the previous calendar year, the amount of emission reductions credits from the District Bank which are to be allocated for each category:

- (1) For use to demonstrate compliance with the no net increase permit program provisions of the California Clean Air Act,
- (2) For use by essential public service projects, as defined in Rule 20.1 and as provided for in Rule 20.2(d)(5)(iii),
- (3) For use for emission control equipment as provided for in Rule 20.2(d)(5)(iv),
- (4) For use for emission control equipment as provided for in Rule 20.3(d)(5), and
- (5) For any other purpose approved by the Air Pollution Control Board and in conformity with state and federal laws and requirements.

**(c) REIMBURSEMENT OF DISTRICT COSTS**

Users of District-owned ERCs and persons using information developed by the District to apply for an ERC already banked by the District shall reimburse the District for its costs in creating and processing the ERCs, as determined by the Air Pollution Control Officer, unless the Air Pollution Control Board directs such reimbursement shall be waived.