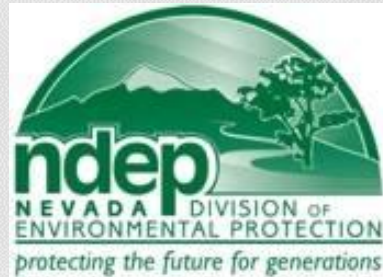


Proposed New Emission Reduction Credit Program



Public Workshop – July 7, 2015

Purpose

- To be prepared for future possibility of areas in the NDEP's jurisdiction being designated nonattainment.
- For use of sources the NDEP regulates in Clark County -- fossil fuel-fired power plants that generate electricity using steam; other sources?
- Program is based on USEPA's 40 CFR 51 Appendix S: Emission Offset Interpretative Ruling.
- Allows major stationary sources to locate in a nonattainment area and existing sources to make major modifications.

NDEP Emission Reduction Credit Program

- Table of Contents.
- Definitions.
 - Key definition, ERC: “a unit of emission reduction measured in tons per year that has been applied for and accepted by the Director in accordance with the provisions of . . . this regulation. An ERC shall be surplus, permanent, quantifiable and federally enforceable. An ERC can be used to satisfy federal offset requirements.”
 - Other definitions relate to the criteria for determining eligibility for credit.

Section 13. Applicability

- Generated by major stationary sources.
- Used by major stationary sources that would locate in an NA or existing sources to make a major mod.
- CO, PM10, PM2.5, VOC, NO_x, SO₂.
- To use an ERC, the emission reductions have to come from the same NA and be for the same pollutant that is being offset. Except . . .
- ERC from a different NA may be used if (1) the other NA has \geq NA classification, and (2) emissions from the other NA contribute to a violation in the area the new source or major mod is located.

Section 14. Limits on the Use of ERCs

- Must comply with RACT, BACT and LAER and any other control measures otherwise required by law.
- Dual accounting of emission reductions already included as part of baseline emissions is not allowed.
- Must be used to offset emissions of the same pollutant that generated the ERC.
- Must use credit from same pollutant for offset.

Section 15. Application Requirements

- Emission reductions may be from:
 - full or partial shutdown
 - innovative or improved control technology
 - process improvements
- Time frame for applications to be submitted:
 - partial shutdown – apply within 180 days after the permit generating the reductions is issued
 - full shutdown – apply w/in 180 of voluntary termination of the permit
 - reconfiguration/operational change and/or partial shutdown – apply at least 12 months but not more than five years after the permit revision
- Use the form provided by Director; fee applies (\$10,000).
- Existing ERCs will be automatically banked on effective date of this regulation.

Section 16. Criteria for Granting ERCs

- Must be surplus, permanent, quantifiable and federally enforceable; these terms are defined.
- Describes how the baseline for determining reductions is determined.
- Federally enforceable permit including “project” or changes must have been issued.
- No dual counting of reductions. E.g., cannot have been used as part of an attainment demonstration in a SIP.

Section 17. Director's Determination

- Completeness – 60 days.
- Issue or deny – 120 days after completeness.
- Amount of ERCs granted is discounted by 10%, before being banked (AQ benefit in NA).
- Recorded in registry.
- Notification provided to applicant (determination and summary report).
- Option to appeal decision.
- A banked ERC does not expire.

Section 18. ERC Registry and Tracking System

- Will basically be a web-based bank statement.
- Will keep track of ERC accounts – summary of ERCs owned by pollutant and transactions.
- Accessible to the public on NDEP's web site.
- When an ERC is redeemed, it is no longer banked and is removed from the registry.

Section 19. Retirement of an ERC; Moratorium on the ERC Program

- Director may:
 - Retire ERCs
 - Impose a temporary moratorium on the program
 - Impose a permanent moratorium on the program

→ for AQ purposes, e.g. to prevent an exceedance of a NAAQS.
- Will notify ERC owners in advance.

Section 20. ERC Transfer Requirements; Summary Report

- Allows for ERCs to be transferred between two parties.
- ERC owner will submit the request on a form provided by the Director; fee applies (\$2,000).
- Required information includes the new or modified permit where the ERC will be used.
- Use must comply with limits on the use of ERCs.

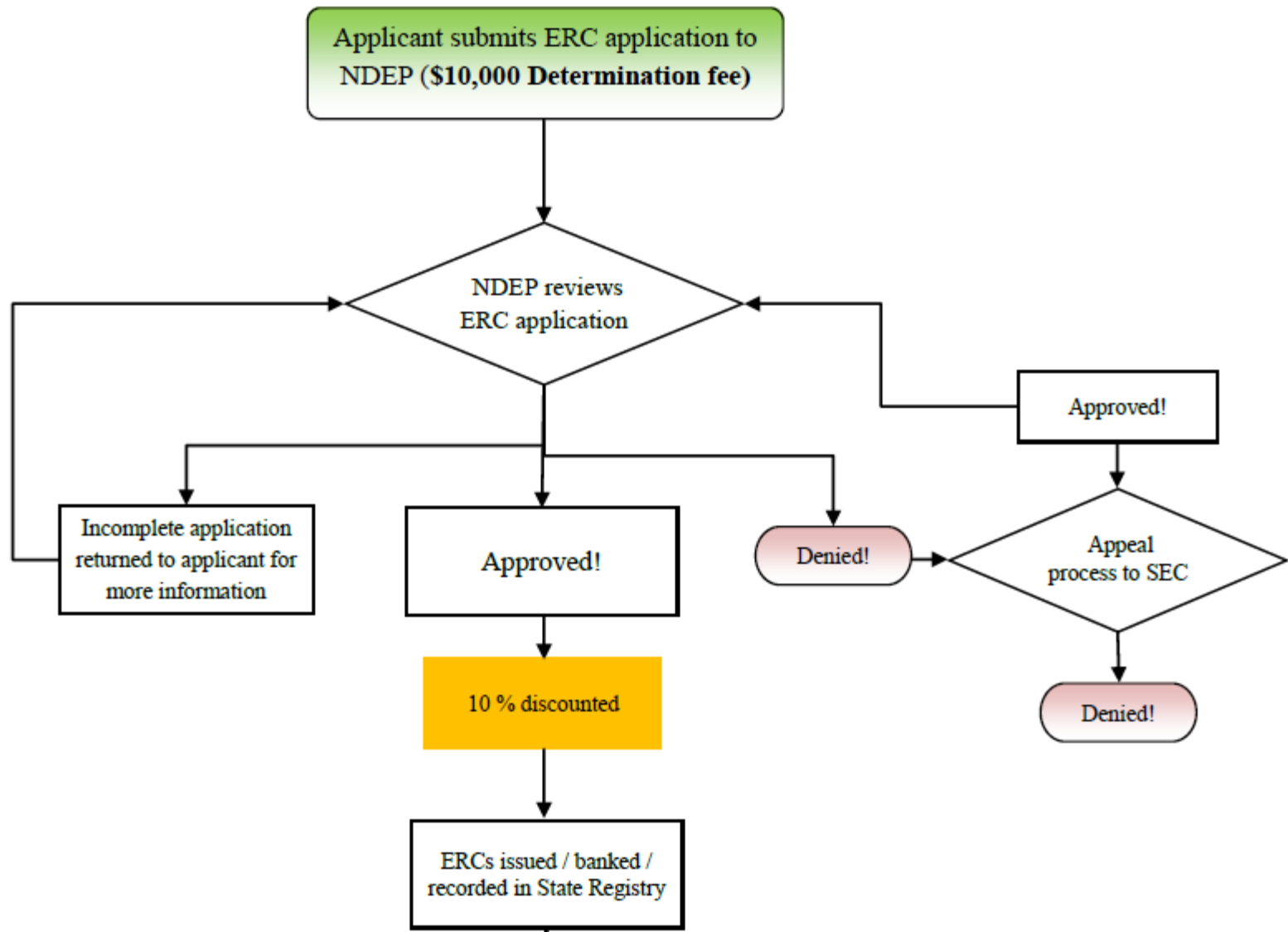
Section 21. ERC Reciprocity

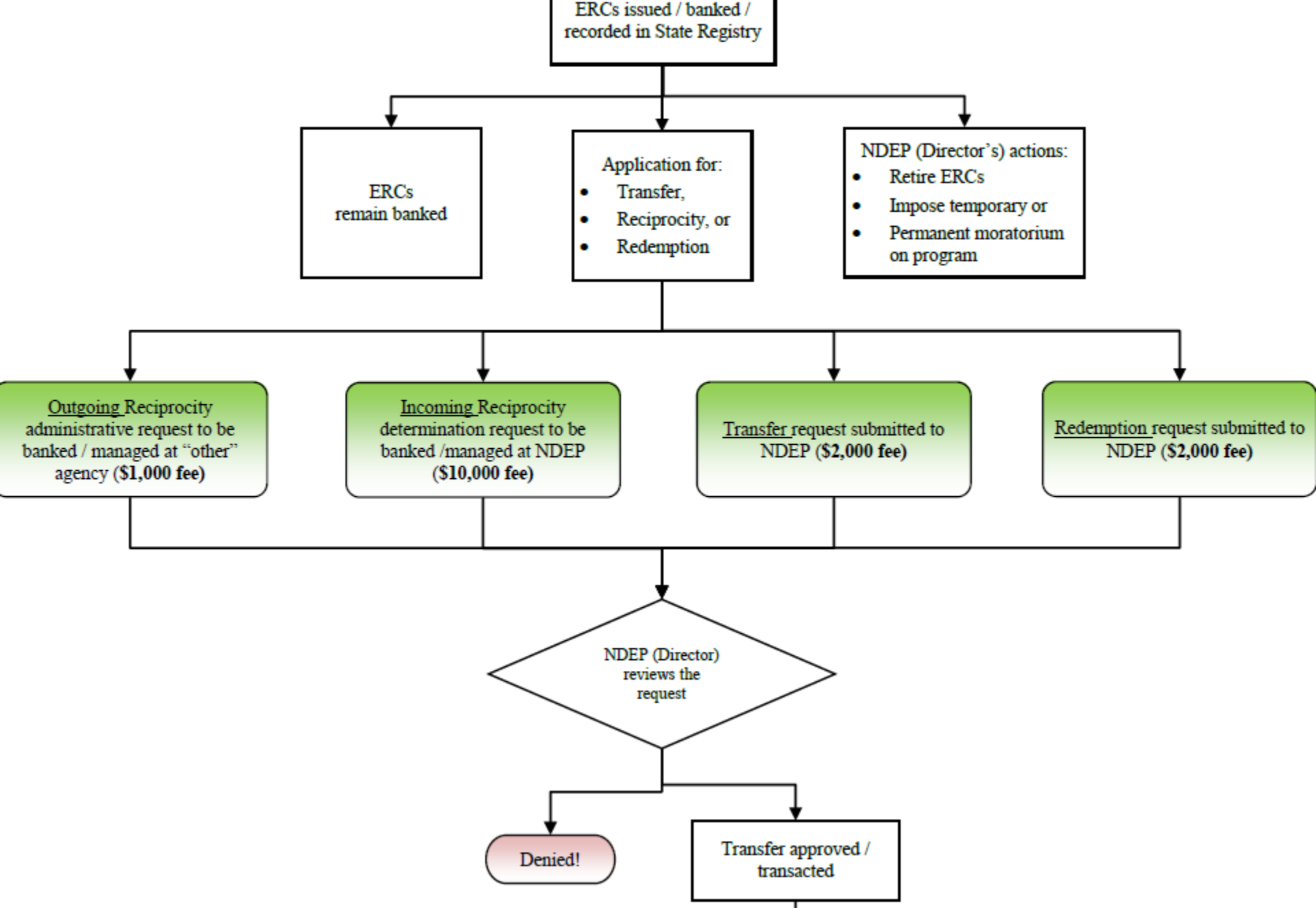
- Occurs between air agencies; two types (1) for requests to transfer ERCs from another air agency into the State Registry (incoming), and (2) for requests to transfer ERCs from the State Registry to another air agency's bank (outgoing).
- Incoming: requires a determination that the criteria used by the other air agency in granting the ERCs was at least as stringent as ours; fees apply (\$10,000).
- Outgoing: does not require a determination; administrative fee applies (\$1,000).

Section 22. Procedures for Redeeming an ERC

- ERC owner will submit the request on a form provided by the Director; fee applies (\$2,000).
- Redemption becomes final and effective when the federally enforceable permit that uses the ERC is issued.

ERC FLOWCHART





Amendments to existing NACs

- NAC 445B.308. Housekeeping: Removes the definition of LAER from a subsection of this regulation, so it can be placed at the beginning of Chapter 445B with the other definitions.
- NAC 445B.327. Adds ERC program fees and inflation clause.
- The fees for the ERC program are as follows:

• Determination	\$10,000
• Transfer request	2,000
• Redemption request	2,000
• Reciprocity request	
▪ Administrative	1,000
▪ Determination review	9,000
- Inflation: Director has option to increase fees by 2% annually.

Questions and Comments?

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