

COLUSA COUNTY AIR POLLUTION CONTROL DISTRICT

MANUAL OF PROCEDURES -- EMISSION REDUCTION CREDIT AND BANKING RULE

1) Introduction and contents

This Manual of Procedures sets forth procedures relating to the application, calculation, review, registration, tracking and use of emission reduction credits arising from reduction in open burning of biomass material as provided in Rule 3.16. The ERC application, calculation, and banking system contains the following requirements and elements:

a) Standard application form

The application must contain sufficient information on the legal trail from landowner to applicant (if applicant is not landowner) to input into database and confirm legal authority for ERC application. Also the database will have: landowner's name, lessee/farmer, applicant, current ERC owner, end user(offsets).

b) Specific application procedures

The parcel ID will be Assessors Parcel # from the county, farmers field ID, Section Township Range location, nearest crossroads, and include a map of the parcel. The application will also contain burn records or other verifiable documentation on parcel(s), and a calculation sheet with emission reductions for each parcel.

c) Standard calculation template with example

This manual provides a standardized calculation template and examples for various crops and scenarios.

d) Sample ERC certificate

The certificate lists specific parcel(s) location(s), pollutants, amount of credits per quarter, and ownership of ERCs.

e) Specifics of enforceability for biomass ERC/offsets

Ownership of ERCs will go into a ledger database which will also contain information regarding the landowner and farmer. The biomass ERC list will become a no-burn list and no burn permit will be issued for those parcels. The database will cross-check the no-burn list with the ready to burn list for verification and will be used throughout the year.

f) Methods of addressing possible double counting problems

Existing biomass plants that require offsets will be required to report open biomass burning reduction credits claimed pursuant to Health & Safety Code section 41605.5. These credits will be incorporated into the banking system register within a two year period. This will strengthen the central ledger approach and will work as in section 1.e. above.

g) Specific procedures for use and change of credits

Changes can be made in ownership of credits or quantity of credits. Amendment forms are

provided to facilitate the quick re-issuance of certificates with changes. For temporary use of credits as offsets the database will specify the duration of transfer and the current ownership.

h) Identify valid surrogate records

Burn records would be the most valid records, however, fire district records, written certification of the ASCS office or certification from the AG DEPT and APCD/AQMD may also be used.

i) Describe the tracking system

A comprehensive ERC banking database will be developed which has matching fields with the ready to burn database for cross-checking. A no-burn list will be generated from the ERC banking database for biomass credits. The no-burn list will be provided to agriculture departments or fire districts if they issue the burn permits so that they can keep from issuing burn permits for parcels with ERCs.

j) An outline of the issuance of agricultural burn permits and burn decisions

Growers come into agriculture departments or districts for an annual agricultural burning permit. Growers bring maps of the fields that they want to burn or for pesticide applications. After growers harvest fields or prune orchards and there is a residue to be burned they notify the responsible agency for agricultural burning to get that specific parcel on the ready to burn list. When there is a burn day with sufficient acreage and the grower is available on the ready to burn list the grower is authorized to burn that specific parcel on that day.

k) Standard inter-district agreement on use of ERCs

There needs to be a basin wide agreement that all districts will accept each others ERC certificates as valid emission reductions for offset purposes. The district with the new or modified facility requiring offsets needs only to adjust those emission reductions based on specified distance ratios from the new facility.

l) Manual of Procedure forms

The Manual contains examples of forms that will be necessary including a transfer of ownership form, designation of authority form from the landowner, ERC certificate amendment form, and a release form for an ERC designated owner to donate the credits to a district.

2) ERC Application Procedures

a) Application forms

Applications for ERCs for open biomass burning shall be submitted on the following forms:

- Application cover page
- Parcel identification page
- Designation of authority page

Other information must also be submitted with the application package, such as a map(s) of the parcel(s) and the data sheet(s) used to calculate the emission reduction credits (ERCs).

EXAMPLE
APPLICATION FOR:
OPEN BIOMASS BURNING EMISSION REDUCTION CREDIT CERTIFICATE

Please provide the appropriate information below, it must include authorization to apply from landowner if landowner is not the applicant. Please indicate if any section is not applicable (N/A).

This application covers ___ parcel(s). Attach additional sheets for each additional parcel if information is not consistent with that presented below. Attach a map of each parcel covered by this application. Please print or type the requested information.

Applicant _____
(name)

(address)

(phone number)

Landowner _____
(name)

(address)

(phone number)

Authorized Designee _____
(name)

(address)

(phone number)

ERCs are requested to be issued in the following name(s):

(name)

(address)

(phone number)

Applicant _____ (signature) _____ (date)

The applicant acknowledges that, upon issuance of an ERC, no burn permit will be issued for the parcel(s) covered by the ERC certificate(s).

EXAMPLE

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PARCEL IDENTIFICATION

Data relating to the quantity of emissions reduction credits requested must be included on the attached ERC calculation worksheet(s) for each parcel.

Parcel ID: _____
Acres: _____

Field ID & AP# _____
Sec Twn Rge _____
Crossroads _____
Lessee/Grower _____

Biomass type _____
Disposition _____
of biomass _____

Parcel ID: _____
Acres: _____

Field ID & AP# _____
Sec Twn Rge _____
Crossroads _____
Lessee/Grower _____

Biomass type _____
Disposition _____
of biomass _____

Parcel ID: _____
Acres: _____

Field ID & AP# _____
Sec Twn Rge _____
Crossroads _____
Lessee/Grower _____

Biomass type _____
Disposition _____
of biomass _____

Parcel ID: _____
Acres: _____

Field ID & AP# _____
Sec Twn Rge _____
Crossroads _____
Lessee/Grower _____

Biomass type _____
Disposition _____
of biomass _____

Parcel ID: _____
Acres: _____

Field ID & AP# _____
Sec Twn Rge _____
Crossroads _____
Lessee/Grower _____

Biomass type _____
Disposition _____
of biomass _____

EXAMPLE
DESIGNATION OF AUTHORITY

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TO APPLY FOR, TRANSFER, MODIFY, OR TERMINATE AN ERC

I _____ certify that I, or _____
for which I am authorized to act, am the owner of the parcel of land identified below. I hereby appoint
_____ as my (our) agent solely for purposes of applying for, transferring, or
modifying an emission reduction credit (ERC) pursuant to Rule 3.16 of the Colusa County Air Pollution
District on my behalf for the following identified parcel. This authorization supersedes any prior such
authorization for the parcel.

Parcel Identification:

Tax Assessor Number _____

Field ID _____

Sec. Twn. Rge. _____

Nearest crossroads _____

Map (indicate location on map with nearest road and crossroad)

Name (print): _____

Signature: _____

Address: _____

City, State, ZIP Code: _____

Telephone: _____

The applicant acknowledges that, upon issuance of an ERC, no burn permit will be issued for the parcel(s) covered by the ERC certificate(s).

3) Open burning ERC calculation procedures

Default HBFs and QBFs shall be used to calculate the ERCs. An alternative use of parcel specific HBFs and QBFs may be used after a methodology is developed and receives written ARB

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concurrence. The alternative method is to address specific geographic areas with specific air quality problems. In the event that a specific crop factor (i.e. FL or EF) is not found in Table III then factors from other sources (e.g. Darley, Jenkins, or AP42) may be used.

- a) The Colusa County Air Pollution Control District (District) will calculate, for each parcel, the ERC amount based on the following calculation equation:

$$ERCs = (AB-DA) * HBF * FL * EF * QBF$$

These ERCs will be specific for each pollutant and stated in pounds per quarter.

- b) Open biomass burning ERCs shall be calculated separately for each crop type, for each pollutant and for each quarter according to the above formula:

Where:

ERC = Emission reduction credit for each pollutant in pounds per quarter

AB = Acreage burned is specific to a parcel, for which open burning is to be restricted upon issuance of the ERC

FL = Fuel loading factor in dry tons per acre. The fuel loading factor shall be determined for each crop type from the fuel loading factors in Table III.

EF = Emission factor in pounds per dry ton. The emission factor for each crop type and each pollutant shall be determined from the open field biomass burning emission factors listed in Table III.

HBF = Historical burn fraction or the fraction of actual harvested acreage for each crop type which was historically open burned. The historical burn fraction shall be determined on a county-by-county basis from the default HBFs listed in Table I.

QBF = Quarterly burn fraction is the fraction of the total historically burned acreage which was burned during each calendar quarter. The quarterly burn fraction shall be determined on a county-by-county basis for each calendar quarter from the default QBFs listed in Table II.

DA = Discount acreage is the specified acres the applicant wishes to allow for continued burning on a portion of the parcel(s) which is the subject of an ERC application. The portion of the parcel(s) that is covered by the discount acreage (i.e the acreage eligible for a burn permit) must be clearly identified. This portion will not be allowed to change without prior District notification and approval.

- c) Methods of calculation

The method used for calculating emission reductions which can qualify for open biomass burning ERCs uses several factors. The ERC calculation worksheet in Table IV below provides an example of the calculation method. The method allows the applicant to use preset factors

required for the ERC calculation for the historical burn fraction, quarterly burn fraction, fuel loading factor, and the emission factors for each pollutant.

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d) Burn information sources and availability

The following sources or combination of information sources may be used to verify the burn history of a specific crop on a specific parcel of land.

Depending upon the county, the air district, agriculture department, fire districts, or other public agencies receive burning applications, issue burning permits, allocate acres for burning and maintain lists of growers requesting authorization to burn. If available, these records are preferable hard data to determine the history that specific crop residues were burned on specific parcels of land during specific calendar quarters of the year. The ERC applicant should describe what records are available, attach copies where available, and identify the public agency source(s) with contacts and phone numbers for verification as needed.

Where public agency burn records are missing or inadequate, a certification by the respective public agency representative, based on his or her first hand knowledge that the identified crop residue burning occurred during specific quarters of specific years, may be accepted by the Air Pollution Control Officer, at his or her discretion, to meet the ERC application requirements.

e) Application completeness

To be considered complete an application for ERC must include parcel specific information to verify burning during at least one year of the baseline years (1988-92), acreage burned, and crop type as a minimum. An application for an ERC for open biomass burning will not be found incomplete because burn history data is not provided for each of the five baseline years of 1988 to 1992. However, the application must provide whatever data are reasonably available from the sources described Section 3.d. above.

f) Historical burn fractions (HBF):

The default HBFs listed in Table I shall be used for the crops indicated.

g) Quarterly burn fraction (QBF):

The default QBFs listed in Table II shall be used for the crops indicated.

h) Fuel loading (FL) and emission factors (EF):

The biomass fuel loading (FL) and emission factors (EF) listed in Table III shall be used for the crops indicated.

i) Calculation Form

The form in Table IV shall be completed for each parcel for which an ERC application is made.

4) Procedures for use and modification of open biomass burning ERCs

- a) Procedures for application for and registration of ERCs are set forth in the District ERC banking rule (Rule 3.16). ERCs may be used as air emission offsets. Such offsets may be required under the New Source Review Rule (NSR Rule- Rule 3.6) of the District or by other regulatory or land use authorities. ERCs may be used as offsets for emissions on the same parcel on which open biomass burning reductions have occurred or to offset emissions of sources of air emissions off the parcel site but generally within the same air basin (the Sacramento Valley Air Basin). In order to be used off site by another party the ERC must be transferred to such party by the registered owner of the ERC. Alternatively, the ERC may be applied for in the first instance by the party intending to use the ERC

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if the landowner, or the landowner's authorized agent, authorizes the user to make such application on behalf of the landowner or the landowner's authorized agent.

- b) ERC's may be transferred by the registered owner upon application and payment of a transfer fee as required by the District. Applications for transfers shall be made by submission of an Application to Transfer ERC form as follows:

EXAMPLE
APPLICATION TO TRANSFER ERC

I, _____ hereby transfer to _____ the Emissions Reduction Certificate number _____. I understand that the new registered owner of the ERC is entitled to all rights and privileges and will be subject to all the requirements and limitations related thereto. This transfer is (please initial one of the two following choices):

1. Permanent _____
2. Will expire on _____

Previous registered owner: _____ Date: _____

New registered owner: _____ Date: _____

Address and telephone: _____

- c) ERC's may be canceled upon surrender of the ERC certificate by the registered owner. Applications for cancellation shall be made by submission of an Application to Cancel ERC form as follows:

EXAMPLE
APPLICATION TO CANCEL ERC

I, _____ hereby surrender for cancellation the Emissions Reduction Certificate number _____ (attached). I understand that in the event this ERC has been previously used to offset air emissions of another source that cancellation of this ERC certificate may require such emitting source to curtail or cease operations or obtain a substitute offset.

Furthermore, if the ERCs pertain to open biomass burning I understand that burning may only be undertaken on the parcel subject to this ERC if permitted under applicable agricultural burning provisions set forth in the Health & Safety Code, in District regulations and in the applicable Sacramento Valley Annual Agricultural Burning Plan.

Registered Owner: _____ Date: _____

Address and telephone: _____

- d) The ERC banking rule provides that the District may claim emission reductions neither banked nor used as offset credits from any source, after expiration of the application period stated in the rule, and use such emission reductions toward attainment of standards or deposit the emission reductions into the community bank. Before making such a claim for emission reductions the District shall provide notice to the landowner or source that the District intends to claim the emissions reduction unless the landowner or source, or their authorized designee, makes an application for an ERC within 90 days of the notice. Following such notice, the District may claim the emission reductions provided that the landowner or source does not apply for an ERC to the District within the 90 day period.

5) Application review procedures

- a) The time periods stated in the rule for determining application completeness, doing calculations, processing the application, and making a final decision are the maximum time frame allowed. Every effort will be made to complete the analysis and make a decision as quickly as possible consistent with District workload. Time periods in this section may be extended by mutual agreement of both the applicant and APCO. The District shall determine whether an ERC application is complete not later than thirty (30) calendar days following receipt of the application. If the District does not find that the application is incomplete within this period of time, the application shall be deemed complete.

If the District determines that the application is not complete, the applicant shall be notified in writing of the decision, specifying the additional information that is required. The applicant shall have sixty (60) days to submit the requested information. Upon receipt of additional information, the APCO shall have another fifteen (15) days to determine completeness. If no information is submitted or the application is still incomplete, the APCO may cancel the application with written notification to applicant.

Upon determination that the application is complete, the APCO shall notify the applicant in writing.

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Thereafter, only information to clarify, correct, or otherwise supplement the information submitted in the application may be requested by the District. No such notification need be made if the District determines that the ERC may be issued within fifteen (15) calendar days of receipt of the original or a revised application.

Withdrawal of a ERC application by an applicant shall result in cancellation of the application; any re-submittal will be processed as a new application.

For open biomass burning applications, not requiring a public comment period, final action will be taken within 30 days of the District receiving a complete application. For open biomass burning applications, requiring a public comment period, final action will be taken within 60 days of the District receiving a complete application.

For applications for open biomass burning ERCs for parcels of 500 acres or larger the APCO shall provide written notice to the applicant upon completion and transmittal to the applicant of the initial assessment. The District shall also provide written notice to the ARB and publish notice in a local newspaper of general circulation. The notice shall specify the applicant, the quantity of emission reduction credits requested and a copy of the initial assessment.

The notice requirements related to issuance of ERCs may be waived by the District if the emission reduction credits applied for are less than 10,000 pounds per quarter per pollutant (or less than 20,000 pounds per quarter of CO), and for open-field biomass burning credits or modifications thereof for a parcel less than 500 acres.

Publication of the notice shall commence a thirty (30) day public comment period during which the District shall accept written comments on the merits of the ERC application. Upon conclusion of this thirty (30) day period, the District shall have another thirty (30) days to render a decision to approve, conditionally approve, or deny the application. This decision shall be provided in writing to the applicant.

The applicant may appeal the District's decision following provisions specified in District regulations.

6) Enforcement

a) Open biomass burning ERCs and the agricultural burning program

A parcel for which an ERC has been issued is not eligible for issuance of an agricultural burn permit. Prior to issuance of an ERC, the District shall determine whether an agricultural burn permit has been issued for the parcel. If such a permit has been issued, the application for the ERC shall be denied unless the applicant surrenders the burn permit for cancellation or modification within fifteen (15) days of notice by the District of its intention to deny the ERC application. Prior to issuance of a burn permit, the District shall determine whether the parcel has already been issued an ERC. If an ERC has been issued, the application for a burn permit shall be denied.

b) The ERC banking rule and the rice straw burning phasedown law

The ERC banking rule and the rice burning phasedown law are separate programs and have separate requirements even though there is some connection and overlap. Section 41865 (p)(1) of the Health & Safety Code provides that emission reductions achieved in compliance with the required phasedown shall not affect emission reduction credits which would otherwise accrue from reductions in rice straw burning. Growers are responsible for meeting the requirements of both the phasedown and requirements that are associated with the registration and use, transfer or modification of ERCs. An individual parcel may be barred from burning both because of the phasedown and because an

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ERC has been issued for the parcel.

- c) A computerized tracking system will be developed for the ERC rule

All ERCs which are granted will be entered into a computer database to keep track of pertinent information. Health & Safety Code sections 41605.5 and 42314.5 provide that emission reduction credits shall be allowed to sources which utilize biomass waste material that would otherwise be open burned as a fuel for electrical generation or digester facilities. The ERC banking rule contains procedures for recording of credits allowed for such facilities and ERCs in a single emission banking register. Information regarding claiming of credits by electrical generation or digester facilities is required to be maintained in the central register. Prior to issuance of an ERC the District will cross check its emission banking register to assure that credit is not being given both for an ERC and under sections 41605.5 and 42314.5.

- 7) Interdistrict Agreements Regarding ERCs

Districts within the Sacramento Valley Air Basin agree to accept the ERC certificates issued by other districts within the Basin for use by sources required to obtain emission offsets pursuant to the New Source Review Rule.

- 8) A sample of an open biomass burning ERC certificate follows:

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COLUSA COUNTY AIR POLLUTION CONTROL DISTRICT
 100 Sunrise Blvd., Ste. F., Colusa, CA 95932
 (530) 458-0590

EXAMPLE
 EMISSION REDUCTION CERTIFICATE

Certificate Number: _____

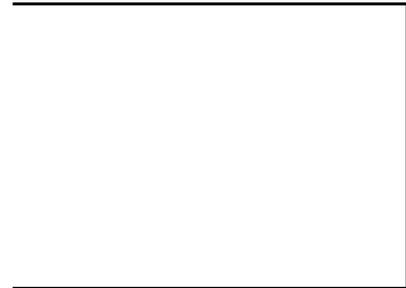
Registered Owner: _____
 Name

 Address

Parcel Identification Number: _____

Parcel Location:
 Assessor's Parcel Number: _____
 Field ID: _____
 Sec. Twn. Rge.: _____
 Crossroads: _____

District seal:



ERC Pollutant Amounts (Pounds/Quarter)	1	2	<u>Quarter</u>	3	4
NO _x as NO2	X	X	X	X	
VOC	X	X		X	X
PM10	X	X		X	X
SO _x as SO2	X	X		X	X
CO	X	X		X	X

Date Issued: _____

 District representative (Title)

This ERC certificate shall terminate on transfer of ownership of the parcel unless the landowner complies with pertinent ERC banking rule provisions concerning transfers.