

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

(Adopted February 6, 2009)

RULE 2702. GREENHOUSE GAS REDUCTION PROGRAM

(a) Purpose

The purpose of this rule is to create a Greenhouse Gas Reduction Program for greenhouse gas emission reductions in the District. The District will fund projects through contracts in response to requests for proposals or purchase reductions from other parties. All reductions will follow approved protocols, pursuant to Table 1 of this rule. Reductions obtained by the program may be purchased by persons for a variety of uses. Projects funded through this program may also reduce criteria or toxic pollutants that can help local and regional air quality.

(b) Applicability

- (1) Any person may submit proposals for projects under this rule.
- (2) Uses of certified greenhouse gas reductions may include, but are not limited to, California Environmental Quality Act (CEQA) or other mitigation, retirement to benefit the environment or reduce or eliminate a carbon footprint by an individual, household, facility, corporation, community, city, or other group, or any other use authorized by a local, state, federal or international program.

(c) Requests to Use the Greenhouse Gas Reduction Program

- (1) Any person that elects to participate in the Greenhouse Gas Reduction Program shall:
 - (A) Submit a completed Greenhouse Gas Reduction Program Request to the Executive Officer for certified emission reductions and pay a plan submittal fee pursuant to Rule 306 – Plan Fees subdivision (c); and
 - (B) Pay a Participation Fee of \$15 per metric ton for requests that have been accepted.
- (2) The Request shall include the following information:
 - (A) The requestor's name, address and contact information (such as facility identification number, if applicable);
 - (B) The amount of greenhouse gas emission reductions, in metric tons of CO₂E, requested;
 - (C) The anticipated use of the reductions, if known; and

- (D) Any other information specified by the Executive Officer as necessary to evaluate the request.
- (3) The Participation Fee shall be non-refundable upon submittal to the Executive Officer unless the Executive Officer determines that there will not be sufficient projects available within a 5-year period.
- (4) Evaluation and Approval of the Greenhouse Gas Reduction Program Requests
 - (A) The Executive Officer will evaluate the potential supply and demand for certified greenhouse gas emission reductions and accept or decline the Greenhouse Gas Reduction Program Request within 30 days after a complete Request is submitted to the Executive Officer.
 - (B) Applicable Greenhouse Gas Participation Fees pursuant to paragraph (d)(5) are due within 30 days of notification by the Executive Officer that the request has been accepted.
 - (C) Once fees are received, the request is considered to be approved.
- (d) Greenhouse Gas Reduction Program
 - (1) On and after February 6, 2009, the Executive Officer may accept funding to generate certified greenhouse gas emission reductions.
 - (2) The Executive Officer may use up to 5% of the fees collected for program administration.
 - (3) The Executive Officer, with Governing Board approval, shall purchase or fund greenhouse gas reduction strategies within two years of receiving Greenhouse Gas Reduction Program funds for this program, unless an extension is approved by the Governing Board at a public hearing.
 - (4) Any certified greenhouse gas emission reductions in excess of the amount required to meet the requests for Greenhouse Gas Reduction Program reductions may be deposited into the Greenhouse Gas Reduction Program Reserve for any use approved by the Governing Board.
 - (5) Available emission reductions in the Reserve may be sold based on availability, at a price specified pursuant to subparagraph (c)(1)(B), according to the following priority:
 - (A) Use of reductions to be located in the District; and
 - (B) On a first-come, first-served basis.
 - (6) Greenhouse gas reductions purchased from the Greenhouse Gas Reduction Reserve are not transferable unless the transfer is within common ownership,

between the owner and its designee with proof of agreement regarding ownership prior to the purchase from the Greenhouse Gas Reduction Program, or is purchased back by the Executive Officer subject to the Governing Board approval.

(e) Program Review

The Executive Officer will submit an annual report to the Governing Board beginning in May 2009. The annual report will include:

- (1) how much revenue has been collected and used for greenhouse gas reduction projects;
- (2) description of the types of emission reduction projects that have been or are being implemented;
- (3) the amount of greenhouse gas reduced, in metric tons of CO₂E;
- (4) the amount of criteria and toxic pollutants that have been reduced;
- (5) location of the emission reduction projects;
- (6) benefits of projects in Environmental Justice areas;
- (7) the number and types of facilities and parties, including locations, that have purchased and used the Greenhouse Gas Reduction Program;
- (8) the balance of reductions remaining in the Reserve and recommendations regarding their use; and
- (9) an evaluation of the adequacy of fees.

(f) Remedies

If a shortfall occurs in the amount of emission reductions generated within the time period specified in a contract for the Greenhouse Gas Reduction Program, it is not a violation of this rule. However, the responsible party, as specified in the contract, shall submit Certified Emission Reductions equivalent to 110 percent of the shortfall to the Executive Officer within 12 months or less, as specified by the Executive Officer.

(g) Implementation Guidelines

- (1) The Executive Officer will develop Implementation Guidelines for the procedures to be followed to administer this rule and shall give priority in funding or purchasing reductions from projects that result in co-benefit emission reductions of criteria and toxic air pollutants within environmental justice areas, as defined by the Carl Moyer Program.

- (2) The Implementation Guidelines will be subject to Governing Board approval for any future substantive revisions.

Table 1
Approved Protocols

Protocol
Forest Sector Project Protocol (October 2007)
Urban Forestry Project Protocol (September 2008)
Manure Management Project Protocol* (September 2008)

*For this protocol, any project located in an environmental justice area, as defined in the District’s Carl Moyer Program, must have any stationary source equipment emitting any air contaminant located greater than a quarter mile (1,320 ft, 400m) from a sensitive receptor. A sensitive receptor means any residence including private homes, condominiums, apartments, and living quarters; education resources such as preschools and kindergarten through grade twelve (k-12) schools; daycare centers; and health care facilities such as hospitals or retirement and nursing homes. A sensitive receptor also includes long term care hospitals, hospices, prisons, and dormitories or similar live-in housing.