

VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

**RULE 26.5 - NEW SOURCE REVIEW - COMMUNITY BANK**

*(Adopted 10/22/91, Revised 12/22/92, 2/13/96, 1/13/98)*

A. Applicability

This rule provides for the banking, by the District, of emission reductions of reactive organic compounds (ROC) and nitrogen oxides (NOx) as community emission reduction credits and the disbursement of these credits.

B. Community Bank Funding

1. Essential Public Service Account

The following emission reductions shall be certified as community emission reduction credits and shall be deposited in the essential public service account:

- a. The discounted portion of any emission reduction resulting from a reduction in throughput for an emissions unit or the shutdown of an emissions unit which is discounted pursuant to Rule 26.4.C.1 on or after October 22, 1991.
- b. The discounted portion of any emission reduction resulting from the application of control equipment, a modified emissions unit or the replacement of an emissions unit with a lower emitting emissions unit which is discounted pursuant to Rule 26.4.C.2 on or after October 22, 1991.
- c. The portion of any emission reduction credit which is used as an offset at a tradeoff ratio greater than 1.0, as required pursuant to Rule 26.2.B.2 on or after October 22, 1991.
- d. Any emission reduction resulting from a shutdown of an emissions unit, which occurred on or after October 22, 1991, and which is not banked pursuant to Rule 26.4, provided the emissions unit is located at a stationary source with a potential to emit of greater than or equal to five tons per year with respect to the pollutant being deposited into the community bank and provided there is reasonable evidence to determine that the reduction is real, quantifiable, permanent, enforceable, and surplus.

For the purposes of this subsection the potential to emit of a source shall be equal to the potential to emit at the time immediately prior to the occurrence of such shutdown.

- e. The discounted portion of any existing emission reduction credit which is discounted pursuant to Rule 26.4.G.1.
- f. Any community emission reduction credits which are returned from an essential public service pursuant to subsection C.1.c or Rule 26.6.E.4.d on or after October 22, 1991.

2. Additional Community Bank Funding

The following emission reductions shall be certified as community emission reduction credits and shall be deposited in the community bank:

- a. Any emission reduction resulting from a shutdown of an emissions unit, which occurred on or after October 22, 1991, and which is not banked pursuant to Rule 26.4 provided such emissions unit is located at a stationary source with a potential to emit of less than five tons per year with respect to the pollutant being deposited into the community bank and provided there is reasonable evidence to determine that the reduction is quantifiable, permanent, enforceable, and surplus.

For the purposes of this subsection the potential to emit of a source shall be equal to the potential to emit at the time immediately prior to the occurrence of such shutdown.

- b. Any community emission reduction credits which are returned from sources other than essential public services pursuant to subsection C.2.b or Rule 26.6.E.4.d on or after October 22, 1991.

C. Disbursement and Return of Community Emission Reduction Credits

1. Essential Public Services

- a. The APCO shall disburse community emission reduction credits to an essential public service, which is required to provide offsets and which is eligible to use the essential public service account of the community bank, on the date the Authority to Construct for such essential public service is issued. If the requests for community emission reduction credits for essential public services exceed the amount of community emission reduction credits available for use by essential public services, priority shall be given to the application which was deemed complete the earliest. Notwithstanding the previous sentence, the Ventura County Air Pollution Control Board may determine that a specific essential public service shall be given priority for access to the essential public service account based on public health or safety regardless of the date on which the application was deemed complete.

- b. Essential public services may reserve community emission reduction credits to allow multi-year projects to be planned. The reservation of any community emission reduction credits pursuant to this subsection shall be subject to the approval of the Ventura County Air Pollution Control Board. When approving such reservation, the Ventura County Air Pollution Control Board shall consider whether the project is consistent with the growth projections in the most recently adopted version of the Ventura County Air Quality Management Plan. An application for an Authority to Construct which proposes to utilize such reserved credits shall be submitted to the District within two years after the date on which such reservation is approved by the Ventura County Air Pollution Control Board. If such application is not submitted on or before the required date, the reservation shall be canceled.
- c. Community emission reduction credits shall be returned to the essential public service account under the following conditions:
  - 1) Construction has not started prior to the expiration of an Authority to Construct. In this case all community emission reduction credits which were granted to obtain the Authority to Construct shall be returned.
  - 2) The voluntary surrender or the revocation of an Authority to Construct or Permit to Operate. In this case all community emission reduction credits which were granted to obtain the Authority to Construct or Permit to Operate shall be returned.

2. Other Community Bank Transactions

- a. Community emission reduction credits shall be disbursed from the community bank under the following conditions:
  - 1) The APCO shall disburse community emission reduction credits to a source which is not subject to the requirement to provide offsets on the date the Authority to Construct for such source is issued. This requirement shall not apply to gasoline dispensing facilities which dispense gasoline into the fuel tanks of motor vehicles or marine pleasure craft.
  - 2) The APCO shall disburse community emission reduction credits to a source in accordance with Rule 26.2.B.2.b.2).

Disbursement shall occur regardless of the balance of community emission reduction credits in the community bank at the time of such disbursement.

- b. Community emission reduction credits shall be returned to the community bank under the following conditions:
  - 1) Construction has not started prior to the expiration of an Authority to Construct. In this case all community emission reduction credits which were disbursed with the Authority to Construct shall be returned.
  - 2) The voluntary surrender or the revocation of an Authority to Construct or Permit to Operate. In this case all community emission reduction credits which were disbursed with the Authority to Construct or Permit to Operate shall be returned.
  - 3) The community emission reduction credits were replaced with emission reduction credits in accordance with the calculations contained in Rule 26.2.B.2.b.2). In this case all community emission reduction credits which were replaced with emission reduction credits shall be returned.

D. Transferability

Community emission reduction credits shall not be transferable except in the case where a Permit to Operate is transferred pursuant to Rule 20.

E. District Tracking Requirements

- 1. The APCO shall prepare an annual report that describes the existing community bank balances for each calendar year. The report for each calendar year shall be completed and made available at the District office by no later than March 31 of the year following such calendar year.

The annual report shall contain the following information:

- a. The essential public service account balance.
- b. The community bank balance.
- c. Evaluations of the extent to which Rule 26.5 has contributed to or detracted from the goal of allowing growth of essential public services and sources that are not subject to the requirement to provide offsets for an emission increase, and has contributed to or detracted from the District's progress toward attainment of ambient air quality standards.

- d. Appropriate suggested measures to correct for any shortage of community emission reduction credits in the essential public service account or in the community bank balance.
2. The essential public service account balance shall be calculated as:
  - a. All community emission reduction credits deposited to the community bank pursuant to subsection B.1 on or after October 22, 1991.
  - b. Minus, the amount of community emission reduction credits disbursed to essential public services on or after October 22, 1991.
3. The community bank balance shall be calculated as:
  - a. The essential public service account balance.
  - b. Plus, all community emission reduction credits deposited to the community bank pursuant to subsection B.2 on or after October 22, 1991.
  - c. Minus, the amount of community emission reduction credits disbursed on or after October 22, 1991 to sources that are not subject to the requirement to provide offsets.
  - d. Plus the sum of all emission reductions calculated since July 1, 1995 pursuant to subsection E.4.
  - e. Minus the sum of all emission increases calculated since July 1, 1995 pursuant to subsection E.4.
4. For informational purposes only, the APCO shall track emission increases and emission reductions from gasoline dispensing facilities which dispense gasoline into the fuel tanks of motor vehicles or marine pleasure craft.

The APCO shall evaluate the total annual permitted emissions from such gasoline dispensing facilities, as of July 1, 1995. Thereafter, the APCO shall perform this evaluation on an annual basis during the month of July. In these evaluations, the total annual permitted emissions shall be adjusted to reflect the implementation of any District rules. If the total annual permitted emissions has decreased since the last evaluation, such decrease shall be tracked as an emission reduction pursuant to subsection E.3.d. If the total annual permitted emissions has increased since the last evaluation, such increase shall be tracked as an emission increase pursuant to subsection E.3.e.