

Appendix B

Statement of Principles – December 2010

(This Page Intentionally Left Blank)

**Statement of Principles Regarding the Approach to State
Implementation Plan Creditability of Agricultural Equipment
Replacement Incentive Programs Implemented by the
USDA Natural Resources Conservation Service and the
San Joaquin Valley Air Pollution Control District**

December 2010

Statement of Principles
December 2010

Introduction

The U.S. Department of Agriculture Natural Resources Conservation Service (NRCS) is implementing an Environmental Quality Incentive Program in California to help achieve federal air quality standards and meet emission reduction goals of the State Implementation Plans (SIP) for the San Joaquin Valley. This federal incentive program complements existing State and local incentive programs in California. The NRCS program is modeled after California's Carl Moyer Incentive Program, which was developed as part of California's 1994 Ozone SIP approved by U.S. Environmental Protection Agency (U.S. EPA) in 1997. The San Joaquin Valley Air Pollution Control District (District) is also implementing a program to achieve SIP creditable reductions through the early introduction of cleaner agricultural equipment. Both agencies are applying strict criteria to ensure the emission reductions achieved are surplus, quantifiable, enforceable, and permanent.

Relationship to San Joaquin Valley 2007 Ozone SIP

The San Joaquin Valley faces significant challenges in achieving attainment with the U.S. EPA's ambient air quality standards. The District has many of the nation's toughest air pollution rules already in place, and many new regulations are in progress under the District's most recent attainment plans, such as the *2007 Ozone Plan*. However, regulations alone will not bring the Valley into attainment of federal air quality standards.

When the Air Resources Board (ARB) approved the District's *2007 Ozone Plan* on June 14, 2007, ARB committed to investigate additional control measures before transmitting the plan to the U.S. EPA. When ARB adopted the 2007 State Strategy on September 27, 2007, ARB committed to reducing emissions from agricultural equipment in the Valley beginning in 2014, with five to ten tons per day of NO_x reductions in the Valley by 2017. This measure would accelerate fleet turnover to equipment with engines meeting cleaner new engine NO_x standards as quickly as possible. ARB committed to meeting this reduction target through regulatory or voluntary incentive measures, stating that it would be "supporting efforts to secure federal funds and other mechanisms to achieve near-term reductions that can be credited to the SIP."


This statement of principles establishes a general framework for ensuring that reductions in air emissions resulting from voluntary incentives to replace off-road agricultural equipment receive credit in State Implementation Plans (SIPs). Given the heavy investment from the public sector and agricultural community in replacing equipment under these voluntary incentives, establishing a general framework to receive SIP credit for these emissions reductions is critical for ensuring the continued success of these programs. These voluntary incentives are administered by the District and NRCS.

Statement of Principles
December 2010


Statement of Principles

1. The District, NRCS, ARB, and U.S. EPA will work collaboratively to develop a mechanism to provide SIP credit for emissions reductions from the federal, state, and local incentive programs that meet the criteria of ensuring the reductions are surplus, quantifiable, enforceable, and permanent.
2. The District and NRCS will each submit annual reports of the prior year's completed projects and associated emission reductions to U.S. EPA and ARB.
3. U.S. EPA will expeditiously review the submitted annual report. If EPA determines that the emissions reductions are consistent with the mechanism and criteria in Principle 1, EPA would credit the emission reductions toward the SIP.
4. The District and NRCS will ensure ongoing accountability by maintaining databases of project data, application information, funded-project data, and emissions reductions; and record retention of application forms, inspection documentation, destruction verification, and other project-relevant documentation.


Signed for U.S. EPA By,

for 
Deborah Jordan
Director, Air Division, Region IX
Date: 12-15-10

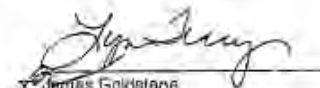
Signed for SJVUAPCD By,


Seyad Saadodin
Executive Director/Air Pollution Control Officer
Date: 12/15/10

Signed for USDA, NRCS By,


Lincoln E. Burton
State Conservationist for California
Date: 12-16-10

Signed for ARB By,


James Goldstone
Executive Officer
Date: 12/15/10