

RULE 214.1 MOBILE SOURCE EMISSION REDUCTION CREDIT BANKING
(Adopted 10/10/2006)

A. Purpose and Applicability

A.1 Purpose

The purpose of this rule is to create an opportunity for business and industry to create and use emission reduction credits from mobile sources and to establish procedures by which Mobile Source Emission Reduction Credits (MSERC's) may be certified.

A.1.a Establish an administrative Banking system for MSERC's

A.1.b Provide administrative procedures for the Air Pollution Control Officer (APCO) to store Surplus MSERC's:

A.1.b.1 To be used as stationary source offsets where allowed by District, state and federal rules and regulations; or

A.1.b.2 To replace other emission reduction requirements where allowed by District, state and federal rules and regulations.

A.1.c Establish criteria to certify that MSERC's are Real, Quantifiable, Enforceable, Permanent and Surplus.

A.2 Applicability

The provisions found within this rule apply to the banking of MSERCs generated within and for use in the District. This rule shall apply to all applications for MSERC's

B. Definitions: All terms associated with this Rule are found in Rule 101.

C. Eligible Emission Reduction Strategies

C.1 Accelerated Vehicle Retirement Program

The provisions within this subsection are to create Real emission reductions by the accelerated retirement of on road motor vehicles.

C.1.a The only pollutants for which MSERC's may be granted from an Accelerated Vehicle Retirement Program are volatile organic compounds (VOC's), oxides of nitrogen (NOx) and carbon monoxide (CO.)

- C.1.b To ensure that the emission reductions generated are Real the program operator or its agents must comply with all the following:
- C.1.b.1 Provide proof that the vehicle was registered for highway use with the California Department of Motor Vehicles (DMV) in the District for a period of at least one year immediately prior to the occurrence of the reduction date. Except that vehicles operating under a waiver shall be acceptable.
 - C.1.b.2 Surrender the certificate of ownership obtained from the person who has legal authority to transfer vehicle ownership. The person surrendering the certificate must possess either a valid Certificate of Title or an Application for Duplicate Title (DMV Registration Form 227.)
 - C.1.b.3 Ensure that the vehicle has been driven under its own power to the dismantling site and has not been damaged as to make continued operation unlikely. The ignition switch, starter motor, engine and vehicle transmission, in reverse and forward gears, are operable.
 - C.1.b.4 Ensure that the vehicle contains functional headlights, functional taillights, functional brakes, exhaust system, bumpers, doors, fenders, side and quarter panels, hood, trunk lid, windows, mirrors, windshields, seats, instrumentation, and gauges.
- C.1.c In order to insure that the vehicle is never driven again the program operator or its agents shall:
- C.1.c.1 Permanently destroy the Vehicle Identification Number (VIN) and license plates in accordance with DMV procedures for permanently scrapping/dismantling vehicles.
 - C.1.c.2 Permanently destroy the cylinder block so as to render it unusable.
 - C.1.c.3 Permanently render unusable the catalytic converter of any acquired vehicle of model year 1981 or older; and
 - C.1.c.4 Crush the remainder of the vehicle except for reusable components (e.g., doors, fenders, bumpers, and disassembled engine components) within three months of purchase.

- C.1.d The operator of an Accelerated Vehicle Retirement Program or its agents shall require any vehicle dismantler used to satisfy the requirements of subsection C.1 to provide a written statement certifying it is licensed as a vehicle dismantler with the Department of Motor Vehicles and identifying its DMV license number and expiration date.
- C.1.e Emission reduction credits from Mobile Sources are to be determined by the California Air Resources Board (ARB) "Mobile Source Emission Reduction Credits" guidelines published February 1996 (or subsequent revisions).
- C.1.f The maximum credit life for MSERC's credits resulting from the accelerated retirement is three years from the date of issuance of the associated MSERC's certificate.
 - C.1.f.1 The MSERC may be used anytime during the three-year period.
 - C.1.f.2 No MSERC's may be saved for use after three years.
- C.1.g An applicant for a MSERC pursuant to subsection C.1 of this rule shall compile and retain for a period of three (3) years beyond the credit life and make available for District inspection upon request, the following records of each permanently destroyed vehicle from which a MSERC has been granted under this subsection.
 - C.1.g.1 Vehicle information: Make, model, model year, vehicle identification, license plate number(s), a copy of the DMV registration card and a copy of the California Certificate of Title or an Application for Duplicate Title (DMV Registration Form 227);
 - C.1.g.2 Name, address, telephone number and driver license number of person from whom the vehicle was acquired;
 - C.1.g.3 Vehicle mileage and date of acquisition of vehicle for the Accelerated Vehicle Retirement Program;
 - C.1.g.4 Proof of compliance with C.1.c destruction. This should include dates indicating the destruction of the engine, cylinder block and the rest of the vehicle and by whom it was destroyed;
 - C.1.g.5 Quantity of the actual emission reduction as determined

by subsection C.1.e;

C.1.g.6 Other records as may be required as a condition of MSERC issuance.

C.2 Retrofitting Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles

The provisions contained within this subsection are for creating actual emissions reductions by retrofitting Passenger Cars, Light Duty Trucks, or Medium Duty Vehicles. The emission reduction will only be granted for vehicles retrofitted following the certification and compliance test procedures in the "California Certification and Installation Procedures for Alternative Fuel Retrofit Systems for Motor Vehicles Certified for 1994 and Subsequent Model years" (ARB, May 14, 1992).

C.2.a The only pollutants for which MSERC's may be granted from retrofitting a Passenger Car, Light Duty Truck, or Medium Duty Vehicle are volatile organic compounds (VOC's), oxides of nitrogen (NOx), and carbon monoxide (CO).

C.2.b Emission reductions are the difference between the certification standard before and the Low Emission Vehicle standard after a vehicle is retrofitted, adjusted for the remaining life of the vehicle.

C.2.c The maximum credit life of a MSERC resulting from retrofitting a Passenger Car, Light Duty Truck or Medium duty Vehicle shall be equal to the life remaining in years, considering the mileage life and miles actually driven.

C.2.d Emission reduction credits from Mobile Sources are to be determined by the California Air Resources Board (ARB) "Mobile Source Emission Reduction Credits" guidelines published February 1996 (or subsequent revisions).

C.2.e An applicant for a MSERC pursuant to subsection C.2 shall compile and retain for a period of three (3) years beyond the credit life and make available for District inspection upon request the following records of each retrofitted vehicle for which a MSERC has been granted under this subsection.

C.2.e.1 Vehicle information: Make, model, model year, vehicle identification, license plate number(s), a copy of the DMV registration card, retrofit hardware model and serial numbers;

C.2.e.2 Proof of compliance with the ARB's retrofit certification

standards;

- C.2.e.3 Dates, mileage, and description of maintenance and repairs
- C.2.e.4 For Fleet Vehicles, odometer readings sufficient to demonstrate mileage traveled inside and outside the District to identify the number of miles traveled using fuels for which the certified emission standard of the retrofitted vehicle does and does not apply and to identify the number of miles traveled using non-volatile and volatile fuels. As an alternative to an odometer reading log, a log of fuel use by fuel type may be substituted. No retrofitted vehicle may be transferred out of the District.
- C.2.e.5 Other records as may be required as a condition of MSERC issuance.

C.3 Retrofitting Heavy-Duty Vehicles

The provisions contained within this subsection are for creating actual emissions reductions by retrofitting Heavy Duty Vehicles or engines to low emission standards. The emission reductions are the difference between the ceiling standard before and the Low Emission Vehicle credit standard after a vehicle is retrofitted, adjusted for the remaining life of the vehicle.

- C.3.a The only pollutants for which MSERC's may be granted from retrofitting Heavy Duty Vehicle or engine to a low emission standard are oxides of nitrogen (NO_x), particulate matter (PM), carbon monoxide (CO), and volatile organic compounds (VOC's).
- C.3.b The ceiling standard for each pollutant of interest is the certification standard to which the engine was originally certified when first placed into service by its manufacturer. Engines which were originally certified to a combined HC+NO_x standard shall be based on the combined certification standard as pro-rated by the original emission certification values of each pollutant, as shown on the most recent ARB certification Executive Order. The specific numerical values are available from ARB.
- C.3.c The maximum credit standard for NO_x will be at least 25% below the applicable ceiling standard, rounded to the next lower 0.5 gram/bhp-hr increment. The maximum credit standard for PM will be at least 30% below the applicable ceiling standard, rounded to the next lower 0.05 gram/bhp-hr increment. The maximum credit standard for NMHC will be at least 30% below the applicable ceiling standard,

rounded to the next lower 0.2 gram/bhp-hr increment. The maximum credit standard for CO will be at least 30% below the applicable ceiling standard, rounded to the next lower 5.0 gram/bhp-hr increment.

- C.3.d Certification of credit standard will only be granted for Heavy Duty Vehicles (vehicles with gross vehicle weights greater than 14,000 pounds) retrofitted following the certification and compliance test procedures in the "California Certification and Installation Procedures for Alternative Fuel Retrofit Systems for Motor Vehicles Certified for 1994 and Subsequent Model Years" (ARB, May 14, 1992).
- C.3.e For heavy-duty vehicle retrofits that result in a vehicle with dual fuel operation, the system shall be certified separately on each fuel. The hardware shall be certified to an appropriate credit standard during operation solely on the cleaner of the two fuels. The hardware shall be certified to at least the ceiling standard while operating solely on the other fuel.
- C.3.f The duration of the credit life shall be based on the expected vehicle life remaining until the vehicle is retired or the engine is next expected to be overhauled, whichever occurs first. Consideration will be given to historical fleet records of similar vehicles with similar operation and histories.
- C.3.g Appropriate conversion factors shall be submitted to the District at the time of application based on commonly accepted data methodology. All conversion factors are subject to District and ARB approval.
- C.3.h Emission reduction credits from Mobile Sources are to be determined by the California Air Resources Board (ARB) "Mobile Source Emission Reduction Credits" guidelines published February 1996 (or subsequent revisions).
- C.3.i No MSERC may be carried over for use in a subsequent calendar year.
- C.3.j Evaporative, running loss, and marketing emission reductions from retrofitting vehicles shall be quantified using factors available from the Air Resources Board and must be approved by the District. Evaporative emission control systems are required for diesel fueled vehicles converted to other liquid fuels. Conversion hardware shall be properly designed to prevent increased evaporative emissions for gasoline-fueled vehicles converted to other liquid fuels.

- C.3.k An applicant for a MSERC pursuant to subsection C.3 shall compile and retain for a period of three (3) years beyond the credit life and make available for District inspection upon request the following records of each retrofitted vehicle for which a MSERC has been granted under this subsection.
- C.3.k.1 Vehicle information: Make, model, model year, engine type, vehicle identification, engine identification, license plate number(s), a copy of the DMV registration card, retrofit hardware model and serial numbers;
 - C.3.k.2 Proof of compliance with the ARB's retrofit certification standards;
 - C.3.k.3 Dates, mileage, and description of maintenance and repairs;
 - C.3.k.4 A log of odometer readings sufficient to demonstrate mileage traveled inside and outside Imperial County to identify the number of miles traveled using fuels for which the certified emission standard of the retrofitted vehicle does and does not apply and to identify the number of miles traveled using non-volatile and volatile fuels. An alternative to a log of odometer readings a log of fuel use by fuel type may be substituted. No retrofitted vehicle may be transferred out of the District;
 - C.3.k.5 Other records as may be required as a condition of MSERC issuance.

D. MSERC Application Procedures

- D.1 Any entity or person proposing to create actual emissions reductions and requesting the issuance, amendment, transfer or use of a MSERC pursuant to this rule shall submit to the District the following:
- D.1.a An application, on forms supplied by the District, specifying the manner in which actual emissions reductions are to be achieved, amended, transferred or used so as to allow for adequate evaluation of actual emissions reductions from each project.
 - D.1.b Pay all appropriate Fees according Rule 301
 - D.1.c Duplicate Certificate: A fee of \$20.00 shall be charged, except to any State or local agency or public District, for the issuance of a

duplicate Banking Certificate.

- D.2 A separate application shall be filed for each actual emission reduction for each MSERC program, amendment, transfer or use. One application may be submitted for reductions of one or more affected pollutants, provided the reductions of multiple pollutants occur from a single MSERC Program.
 - D.3 Applications for reductions shall be submitted within 180 days after the emission reduction occurs, except for reductions prior to the adoption of this rule. For reductions which occurred prior to the adoption of this rule, applications must be submitted within 180 days after adoption of this rule.
 - D.4 The application shall demonstrate to the satisfaction of the APCO that the emission reductions proposed are actual emissions reductions.
 - D.5 The APCO shall determine whether or not a MSERC application is complete no later than 30 calendar days following receipt of the application or after a longer time period agreed upon in writing by both the applicant and the APCO.
 - D.6 If the APCO 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 90 days to submit the requested information. Upon receipt of all requested information, the District shall have 30 calendar days to determine completeness. If the application is still incomplete, the APCO may cancel the MSERC application with written notification to the applicant. Thereafter, only information to clarify, correct, or otherwise supplement the information submitted in the application may be requested.
 - D.7 Withdrawal of an application shall result in cancellation of the application.
 - D.8 In accordance with the provisions of District Rule 102, Public Records, applicants may claim confidentiality of information contained in the application.
- E. MSERC Certificate
- E.1 If an applicant for MSERC or an amendment to a MSERC certificate demonstrates to the satisfaction of the APCO that the emission reductions meet all applicable criteria set forth in this rule, the APCO shall issue a MSERC certificate to the person holding title to the vehicle for which MSERC is requested, except as provided for in subsection E.2. The MSERC certificate shall contain, as a minimum, all of the following:
 - E.1.a Name of the person to whom the MSERC is issued;

- E.1.b MSERC certificate identification number;
- E.1.c Date of issuance;
- E.1.d Pollutant or pollutants reduced;
- E.1.e Quantity of the actual emission reduction (pounds/year)
- E.1.f Time period for which the MSERC is valid;
- E.1.g Any conditions necessary to ensure compliance with the provision of these rules and regulations, applicable federal and state laws and
- E.1.h A statement regarding the potential invalidation of the MSERC certificate if upon a finding by the APCO that:
 - E.1.h.1 The required conditions are not being complied with or
 - E.1.h.2 The MSERC was fraudulently acquired and
 - E.1.h.3 A statement absolving the District from any liability from any transaction involving the MSERC certificate.

E.2 The APCO may issue a MSERC certificate to an applicant who does not hold title to the vehicle for which a MSERC is requested only if such applicant provides to the APCO written proof of the title holder's transfer of interest in the MSERC to the applicant.

F. MSERC Registry

All District approved Mobile Source Emission Reduction Credits will be listed in the MSERC Registry. The MSERC registry shall be maintained by the District which shall record, as a minimum:

- F.1 MSERC certificate identification number;
- F.2 Date of surrender to the Air Pollution Control Officer;
- F.3 Name and address of the owner or operator of the business where the MSERC is being used to offset;
- F.4 Type of pollutant and quantity of emission reduction (pounds/year)
- F.5 Source of the emissions reduction(s);
- F.6 MSERC expiration date;
- F.7 Conditions established for MSERC issuance; and
- F.8 Status of the MSERC (e.g., being used, held, transferred, or sold.)
- F.9 Quantity of MSERC used to offset an obligation.

G. Administrative Requirements

G.1 A stationary source which uses MSERC's to meet emission offset requirements cannot commence operations until the cumulative amount of credit generated equals or exceeds the required offset level. The stationary source receiving the MSERC shall submit a plan to the District for approval for supplying emission offsets for the entire life of the stationary source.

G.2 MSERC's may be transferred in whole or in part by any means of written

conveyance permitted by state law provided the MSERC's under new ownership meet all applicable criteria set forth in this rule. A copy of the written conveyance describing the transaction must be filed with the District and must contain all of the following:

- G.2.a Identification of the transferor(s) and transferee(s);
 - G.2.b agreement of transferor(s) and transferee(s) to comply with all applicable conditions of the MSERC certificate and all applicable requirements of this rule;
 - G.2.c Agreement of transferor(s) and transferee(s) to comply with all auditing and recordkeeping requirements established within this rule;
 - G.2.d The quantity of MSERC's transferred;
 - G.2.e Signatures of the transferor(s) and transferee(s).
- G.3 Upon determination by the APCO that all provisions of subsection G.2 are complied with, the APCO shall issue a new MSERC certificate in the name of the new owner(s) for the quantity of MSERC transferred. A new MSERC certificate shall also be issued to the original owner(s) for the remaining actual emission reduction credits.
- G.4 The recipient of emission reductions shall submit credit life records verifying that the MSERC has been achieved. These credit life records shall be submitted yearly and shall be maintained for three (3) years beyond the credit life. Records may be maintained in an approved electronic format that is compatible with existing District computer equipment as determined by the APCO.
- G.5 Any owner, user, transferor or transferee of a MSERC or a vehicle for which a MSERC has been granted, or any creator of a MSERC, is subject to random audits by the District to verify compliance with this rule. The District shall have access, upon request, to the premises of any mobile source emission reduction facility to review records, equipment, vehicles, etc.
- G.6 Reviews may include inspections, testing, review of records, or any other action deemed necessary to verify compliance. Copies of all records will be provided to the District within 7 calendar days of such a request.
- G.7 Violation of any provision of this rule shall be grounds for the APCO to invalidate, disallow or void any MSERC associated with the violation.
- G.8 The applicant or any other party may appeal the APCO's decision following the provisions specified in District Rule 211, Appeals.