

**RULE 26.1. STANDARDS FOR GRANTING EMISSION REDUCTION CREDITS (ERCs) (Adopted and Effective 10/22/97)**

**(a) GENERAL STANDARDS FOR GRANTING EMISSION REDUCTION CREDITS**

The Air Pollution Control Officer shall deny a banking application unless the Air Pollution Control Officer determines that:

- (1) The emission unit that is the subject of the banking application is in compliance with all applicable rules and regulations.
- (2) The emission reductions occurred not more than five years before the date a banking application was filed with the Air Pollution Control Officer.
- (3) The emission reductions have been implemented and are in effect prior to issuance of the Emission Reduction Credit (ERC) certificate and entry of the ERC in the ERC register.
- (4) The emission reductions can be enforced through a condition contained in a Permit to Operate or ERC or through surrender and cancellation of a Permit to Operate. Once the Air Pollution Control Officer has indicated to the applicant that all requirements and procedures for approval of the banking application have been completed, the applicant shall surrender for modification, alteration, or cancellation the Permits to Operate from all sources which will supply the banked reduction. If a person does not comply with any permit condition imposed as a requirement for issuing an ERC or as necessary to ensure the validity of an ERC, the Air Pollution Control Officer may render that person's ERC and any use of the ERC by that person invalid. If any ERC condition imposed as a requirement for issuing the ERC or as necessary to ensure the validity of the ERC is not complied with, the Air Pollution Control Officer may render the ERC and any use invalid.
- (5) The emission reductions are actual emission reductions or can be classified as Class B ERCs.
- (6) All persons listed as holders and/or owners of the Permit to Operate for the emission unit providing the reduction either:
  - (i) have signed the banking application; or
  - (ii) provide a written waiver of any ownership interest in the banked reduction; or
  - (iii) are notified in writing by the applicant and the applicant satisfactorily demonstrates that the co-holder of the Permit to Operate is not entitled to an ownership interest in the banked reduction.

**(b) STANDARDS FOR GRANTING CLASS A EMISSION REDUCTION CREDITS**

ERCs shall be classified as either Class A or Class B ERCs. The applicant must demonstrate that an ERC is Class A rather than Class B. A reduction shall be classified as a Class A ERC if the requirements of Rule 26.1(a) are met, the emission reductions are actual emission reductions and:

(1) The reduction is the result of a modification to, or limitation on use of, an existing emission unit such that after the reduction is made the emission unit will remain in service; or

(2) The reduction is the result of a shutdown and there will likely be no resulting emission increase by a replacement emission unit at the same or other stationary source within the District. If there will likely be only a partial emission increase at a replacement emission unit, the difference between the reduction at the shutdown emission unit and the likely emission increase at the replacement emission unit shall be eligible to be classified as Class A. An emission increase by a replacement emission unit will be deemed not likely to occur when the applicant demonstrates and the Air Pollution Control Officer agrees that:

(i) The products manufactured by or the materials processed through the emission unit to be shutdown are products or materials which will not likely be replaced by the manufacturing or processing of other products and materials by other new or existing replacement emission unit(s); and

(ii) Such replacement emission unit(s) is not or will not be located within the District; and

(iii) Emissions from such replacement emission unit(s) will likely not increase above the level of emissions at the replacement emission unit(s) prior to the shutdown; and

(iv) Any likely emission increase from such replacement emission unit(s) will likely be fully offset pursuant to these rules and regulations.

**(c) CLASS B EMISSION REDUCTION CREDITS**

Emission reductions that do not qualify as Class A ERCs and which satisfy the requirements of Rule 26.1(a) shall be classified as Class B ERCs. If the Air Pollution Control Officer classifies an ERC as Class B, the reasons for such classification shall be specified. Certificates evidencing ownership of Class B ERCs shall bear the following legend:

The emission reductions evidenced by this certificate have been conditionally placed in the ERC Register as Class B ERCs and have not been determined to be an actual emission reduction pursuant to these rules and regulations. These reductions are ineligible for any use until they have been reclassified to Class A ERCs.

**(d) CONDITIONS TO ENSURE THE VALIDITY OF EMISSION REDUCTION CREDITS**

The Air Pollution Control Officer may add conditions to any permit deemed necessary to ensure the validity of the ERC. Any permit condition imposed as a requirement for issuing an ERC or ensuring the validity of an ERC shall not be removed unless the ERC or another equivalent ERC is canceled by the owner of the permit, or unless the Air Pollution Control Officer determines that the condition is no longer necessary to ensure the validity of the ERC. The owner of such permit shall comply with any such conditions at all times unless specified otherwise in the permit conditions. If the validity of the ERC cannot be ensured by adding conditions to a permit, the Air Pollution Control Officer may add conditions to the ERC deemed necessary to ensure the validity of the ERC. In such case, any ERC condition imposed as a requirement for issuing an ERC or ensuring the validity of an ERC shall not be removed unless the ERC or an equivalent ERC is canceled by the owner of such ERC, or unless the Air Pollution Control Officer determines that the condition is no longer necessary to ensure the validity of the ERC.