

District Advisory

December 01, 2020

Under District Rule 2201, new facilities and modifications to existing facilities that result in increases in permitted emissions above specified levels are required to provide offsets as mitigation as a part of the requirements to obtain an “Authority to Construct” permit. Emission reduction credits, or “ERCs”, are the currency of offsets.

As allowed by the federal Clean Air Act, the District’s ERC program has historically differed from a direct implementation of the federal offsetting requirements. EPA approved the District’s approach in 2001 as the District’s local program was at least as stringent as the federal program. As included in the District’s EPA-approved rule, the District is required to demonstrate ongoing equivalency with the federal offsetting requirements for both of the following:

- **Offset Quantity** – the quantity of offsets required by the District from new and modified stationary sources equals or exceeds the quantity of offsets otherwise required under federal regulations; and
- **Surplus Value** – the amount of reductions, after discounting at the time of use, required by the District from new and modified stationary sources, plus any additional surplus creditable emission reductions, equals or exceeds the amount of offsets otherwise required under federal regulations.

The District offset equivalency system is not currently able to demonstrate equivalency with the Offset Quantity and Surplus Value tests for VOC and the Surplus Value test for NOx. Under the District’s rule, if the system is unable to demonstrate equivalency with federal requirements, immediate and specified remedies are required to be enacted for each of the above tests.

Therefore, **EFFECTIVE NOVEMBER 20, 2020**, pursuant to Sections 7.4.1.1 and 7.4.2.1 of District Rule 2201:

- **For VOC:** All ATCs issued for new major sources or federal major modifications triggering offsets for VOC are required to provide ERCs which are surplus at time of ATC issuance for the full federal offset quantity as calculated in 40 CFR 51.165(a)(3)(ii)(J).
- **For NOx:** All ATCs issued for new major sources or federal major modifications triggering offsets for NOx under District Rule 2201 are required to provide ERCs surplus at time of ATC issuance.

Questions and Assistance

If you have any questions regarding this advisory, please contact the District’s Small Business Assistance:

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