

FEATHER RIVER AIR QUALITY MANAGEMENT DISTRICT
MEMORANDUM
06/06/2016

TO: FRAQMD BOARD OF DIRECTORS

FROM: Christopher D. Brown AICP, APCO

SUBJECT: Rescind ERC Policy that was approved at the December 12, 2013 Board of Directors meeting which authorized the APCO to transfer emission reduction credit offsets to other Air Districts in the Sacramento Valley Air Basin for individual projects smaller than 10 tons.

STAFF RECOMMENDATION:

Repeal the authorization granted to the APCO on 12/2/13 to transfer emission reduction credits (ERC) to other Air Districts in the Air Basin for individual projects smaller than 10 tons.

All out of District ERC Transfers will be presented to the Board for approval.

BACKGROUND:

Under the Federal Clean Air Act and the California Health and Safety Code, the offset system was designed to achieve no net increases in air emissions at large facilities. Offsets are generated by sources that reduce emissions below regulatory requirements. These offsets can then be traded to a large facility to allow that facility to increase their air emissions. This system creates a market in emission offsets in which offsets can be bought and sold in an air basin. The District is involved in issuing the transaction certificates that occur between buyers and sellers. Funds are exchanged between the private parties.

Prior to 2012 practice in the FRAQMD required Board approval for all transfer of offsets outside the District Boundaries

In 2012 the Board authorized the APCO to authorize small transfers in the interest of streamlining and to reduce project delays. No transfers were approved by the APCO under this policy.

In 2015 a modified ERC rule took effect which created a small number of more valuable “Federalized” ERCs, this change justifies the return to the prior practice of Board approval due to the small number of these credits available.