

January 2009

Emission Reduction Credit Banking Program

What Is an Emission Reduction Credit?

An Emission Reduction Credit (ERC) represents a permanent, quantifiable, federally enforceable and surplus reduction in air pollutant emissions, measured in tons per year (1 TPY).

Permanent emission reductions are assured for the life of the corresponding ERC through an enforceable mechanism such as a permit condition or a permanent shutdown.

Emission reductions are considered quantifiable if the amount, rate and characteristics of the emission credit can be estimated through a reliable, reproducible method approved by the Ohio Environmental Protection Agency (Ohio EPA) or U.S. EPA.

Surplus emission reductions are included in the current emissions inventory and are not required by any local, state or federal law, regulation, emission limitation or compliance plan.

Emission reductions necessary to meet New Source Review (NSR) performance standards, lowest achievable emission rate (LAER), reasonable available control technology (RACT), best available technology (BAT), best available control technology (BACT), permit or other emission limitations or reductions previously used to avoid NSR through a netting demonstration are not considered surplus.

Some emission reductions may also need to be made federally enforceable to become creditable. This would include reductions achieved from methods other than permanently shutting down an air contaminant source (for instance, synthetic minor restrictions).

ERCs from permanently shutting down an air contaminant source will be made federally enforceable by Ohio EPA at the time a facility uses the ERCs for NSR permitting requirements.

In order to participate in the program, Ohio EPA will require a responsible official/authorized individual to certify the permanence of the shutdown or curtailment.

What is the Ohio ERC Banking Program?

Ohio EPA's Division of Air Pollution Control (DAPC) created the voluntary ERC banking program to help large air pollution sources, or major facilities, obtain emission offsets for their NSR requirements.

The emission offset rules found in Ohio Administrative Code (OAC) Chapter 3745-31 require any newly constructed or modified major source to offset their emission increases with creditable emission reductions from an existing source located in the same geographical area.

The ERC banking program, authorized under OAC Chapter 3745-111, began in January 2009.

DAPC's rules establish a consistent method for generating and transferring verified ERCs for future use in offsetting emissions in Ohio's nonattainment areas.

The associated ERC banking system tracks the generation, transfer and use of ERCs for nitrogen oxides (NOx), volatile organic compounds (VOC), sulfur dioxide (SO₂), fine particulate matter (PM_{2.5}), carbon monoxide (CO) and lead.

Verified ERCs

Permanent, surplus, quantifiable ERCs verified and deemed creditable by Ohio EPA will become federally enforceable at the time the ERCs are used for the purpose of offsets under NSR rules.

Verified ERCs may be transferred to another party and/or used for the purpose of emission offsets under the ERC banking program.

Un-verified ERCs

Un-verified ERCs are identified by the owner or operator of an existing stationary or mobile air pollution source as a creditable emission reduction that may be surplus, quantifiable and permanent, but have not been verified or deemed creditable by Ohio EPA.

Emission Reduction Credit Banking Program

Un-verified ERCs may be listed but may not be transferred under Ohio EPA's ERC banking program rules or used for the purpose of an emission offset under NSR rules until they are verified by Ohio EPA.

Ohio EPA cannot make any guarantee to the validity of un-verified ERCs identified in the ERC banking system.

Why Obtain ERCs for Offsets?

Sources undergoing nonattainment NSR permitting requirements must offset the increase in emissions from the proposed new construction and provide a net air quality benefit.

The purpose of offsetting these emissions is to allow an area to move toward attainment of the national ambient air quality standards (NAAQS) while still providing for industrial growth.

Who Can Participate in the Program?

Any permitted mobile or stationary source may apply to generate ERCs of any regulated pollutant for the banking program.

Any person or facility may transfer verified ERCs to another party.

Only stationary sources will need to use verified ERCs for the purpose of emission offsets.

As an ERC banking program participant, any stationary source seeking a permit for a new or modified major source may obtain verified ERCs from sources listed in the ERC banking system.

The ERC banking rules do not preclude obtaining ERCs for use as emission offsets from sources outside of the program.

Are There Any Fees?

Although there may be fees associated with a required permit-to-install or permit-to-install-and-operate, there are no associated fees for depositing ERCs or updating the ERC banking system.

Why Should I Participate?

Generating and depositing ERCs into the ERC banking system will enable other businesses to identify credits needed to build a new facility or expand an existing one.

This will foster economic development in nonattainment areas and can provide an added economic opportunity for existing businesses.

Where Can I Get More Information?

For more information about the ERC banking program and associated banking system, please visit the ERC banking Web page at www.epa.state.oh.us/dapc/ERC/erc.html.

For personal assistance, please contact Robyn Kenney by e-mail at robyn.kenney@epa.state.oh.us or by phone at (614) 644-3425.