


**Draft Rule 9610**  
**(State Implementation Plan Credit for**  
**Emission Reductions Generated Through**  
**Incentive Programs)**

**April 9, 2013**  
**webcast@valleyair.org**



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**Agenda**

- Introductions
- Rule Development Process
- Project Summary
- Draft Rule
- Public Comments
- Next Steps & Comment Deadline
- Adjourn



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**Role of District Incentive Programs**

- Incentive programs accelerate adoption of cleaner technologies
  - Address sources outside District authority
  - Encourage technologies too cost-prohibitive and/or infeasible for regulation
- District's successful, well-respected program:
  - \$500 million in incentive funds
  - \$400 million investment from businesses, agencies, and residents
  - 100,000 tons of lifetime emission reductions
  - Model for grant programs throughout the state



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## Role of District Incentive Program

(cont'd)

- The District has implemented the most stringent prohibitory regulations
  - Over 500 rules and rule amendments since 1992
  - Opportunities for stronger regulatory controls increasingly scarce - point of diminishing returns
- The District continues to investigate opportunities for stronger regulations
- Additional emissions reductions are needed under current and upcoming EPA standards

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## Incentive Programs and CAA SIP Requirements

- Incentive-based reductions not historically granted SIP credit
- With SIP credit, can be used to meet certain CAA requirements:
  - Attainment carrying capacity targets
  - Reasonable Further Progress/Rate of Progress
  - Contingency measures
  - Black box reductions
- Moving forward, important for incentive-based emissions reductions to be given proper credit

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## Incentive Programs and CAA SIP Requirements (cont'd)

- When given SIP credit, incentive-based emission reductions could be used in addition to regulatory-based emission reductions
- Incentive-based reductions would not substitute for required RACT, RACM, BACT, BACM emissions reductions

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### Existing Framework for SIP-Creditability of Incentive Program Reductions

- Originated during development of *2007 Ozone Plan*
  - Called for significant increase in incentives – \$188 million annually – to accelerate advanced technology adoption for earlier attainment than otherwise possible
- ARB, EPA, NRCS and District signed MOU in December 2010 establishing general framework for ensuring that reductions from incentive programs receive SIP credit
- EPA and NRCS further committed to working together to establish SIP-credit for incentives through agreement signed July 2012
- Rule 9610 builds on this existing framework

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### Draft Rule 9610

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### Section 1.0 Purpose

Administrative mechanism for the District to receive credit towards SIP requirements for emission reductions achieved in the San Joaquin Valley Air Basin through incentive programs administered by the District and other public agencies

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## Section 2.0 Definitions

**SIP-creditable emission reductions:** reductions of emissions through incentive programs that are:

- **Surplus:** Not otherwise required by a federal, state, or local regulation or other legal mandate and are in excess of the SIP baseline emission levels



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## Section 2.0 Definitions (cont'd)

- **Quantifiable:** Reliably determined through the use of well-established, publicly available emission factors and calculation methodologies, as outlined in applicable incentive program guidelines
- **Permanent:** Actions taken to physically destroy, permanently disable, or otherwise ensure the reduction of emissions in the Valley from baseline equipment, vehicles, or practices



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## Section 2.0 Definitions (cont'd)

- **Enforceable:**
  - Emission reductions are independently verifiable through inspections, monitoring, and/or other mechanisms
  - Program violations are defined in contracts, including identifying the party responsible for ensuring that emission reductions are achieved
  - Grantees are obligated to provide all records needed to demonstrate that emission reductions are achieved
  - Public has access to all emission-related information for reductions claimed in the annual demonstration report



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### Section 3.0 Incentive Program Guidelines

SIP-creditable emission reductions are achieved through appropriate incentive program guidelines that:

- Utilize a public process for the development and adoption of the guidelines
- Ensure that reductions are Surplus, Quantifiable, Enforceable, and Permanent



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### Section 3.0 Incentive Program Guidelines (cont'd)

- Specific incentive program guidelines and project types established as SIP-creditable programs recognized in Rule 9610:
  - Carl Moyer Program Guidelines
  - Proposition 1B – Goods Movement Guidelines
  - NRCS Combustion System Improvement of Mobile Engines Guidelines
- Public development process required for use of other guidelines that meet SIP-creditable criteria (surplus, permanent, quantifiable, enforceable)



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### Section 3.0 Incentive Program Guidelines (cont'd)

Carl Moyer Program

- ARB manages program funds, develops and revises guidelines through public process, determines methodologies, and certifies/verifies technologies
- Currently, the District provides funding for the following options under the Carl Moyer Program:
  - Heavy-Duty Off-Road Vehicles
  - Stationary Agricultural Sources
  - Locomotives
  - Heavy-Duty On-Road Vehicles
- Guidelines include requirements for verification, destruction, and enforcement of requirements through binding agreements



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**Section 3.0**

**Incentive Program Guidelines (cont'd)**

Proposition 1B: Goods Movement Emission Reduction Program

- ARB-developed guidelines, transparency and accountability measures
- The District provides incentive funds to reduce emissions from eligible heavy-duty trucks traveling through California's major trade corridors and locomotives
- Guidelines include requirements for verification, destruction, and enforcement of requirements through binding agreements



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**Section 3.0**

**Incentive Program Guidelines (cont'd)**

NRCS Combustion Systems Improvement of Mobile Engines

- Provides incentive funds to assist farmers in upgrading combustion systems of mobile engines
- Guidelines include requirements for verification, destruction, and enforcement of requirements through binding agreements



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**Section 3.0**

**Incentive Program Guidelines (cont'd)**

Manual of Procedures

- Will be publically available via District's website
- Includes all incentive program guidelines used to achieve SIP-creditable emission reductions from incentive programs
- Includes a description of how the incentive program guidelines ensure that reductions are SIP-creditable
- Summarize any case-by-case determinations



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### Section 4.0 Annual Demonstration Report

- Submitted to EPA and ARB to claim SIP credit for the incentive-based emission reductions
- Section 4.0 includes requirements and guidelines for the content of the annual demonstration report
- Goal: Provide public with all supporting information for claimed emissions reductions



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### Section 4.0 Annual Demonstration Report (cont'd)

- Description of program guidelines used and how they meet SIP creditable criteria
- Accounting of the past years reductions by pollutant, years occurring, funding amount, guidelines used, and project type
- Adjustments to prior reports with causes for adjustments
- Summary of SIP commitments identified in District adopted SIPs for which SIP-creditable emission reductions will be used to satisfy



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### Section 4.0 Annual Demonstration Report (cont'd)

Project Information

- Project identification number
- Project location, type, and life (years)
- Implementation date, funding amount, and guidelines used
- Baseline and new information for engine, equipment, vehicle, or practice
- Quantified emissions



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### Section 4.0

## Annual Demonstration Report (cont'd)

Project Monitoring and Enforcement

- Summarizes monitoring and enforcement activities during report period
- Identifies project audits, usage reports, inspections, and other monitoring activities
- Lists actions taken to enforce emission reductions



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### Section 4.0

## Annual Demonstration Report (cont'd)

Incentive Program Evaluation

- A retrospective assessment of incentive programs performance
- Evaluates overall incentive program performance
- Develops recommendations for future enhancements to programs



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## Sample Annual Demonstration Report Table

Reductions by project type

Source Category	# Units Funded	NOx (tons/year)	PM (tons/year)	ROG (tons/year)
Ag Irrigation Pump Diesel to Electric	1	0.855	0.001	0.025
Ag Irrigation Pump Diesel to Diesel	1	0.23	0.00125	0.06
Locomotive New Purchase	1	3.3035	0.0041	0.122
Ag Mobile Equipment Replacement	3	5.492	0.0158	0.85
Ag Mobile Equipment Repower	6	1.377	0.0031	0.2186
On-Road Heavy Duty Truck Replacement	N/A	N/A	N/A	N/A



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### Sample Annual Demonstration Report Table (cont'd)

Funding amount per program guidelines

Guideline	\$ Funded 2012	\$ Funded 2013
Carl Moyer	\$1,320,712.05	N/A
Prop 1B	N/A	N/A

Total reductions by pollutant

Years Occurring	NOx (tons/year)	PM (tons/year)	ROG (tons/year)
2012	11.258	0.025	1.276
2013	N/A	N/A	N/A



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### Section 5.0 Annual Demonstration Report Process

Draft report will be released to public and presented to District Governing Board prior to submittal to ARB and EPA by August 31 of each year, with three most recent reports available on the District website



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### Section 6.0 Recordkeeping Requirements

- Records shall be kept as required by the applicable incentive program guidelines, and made available for public review consistent with the California Public Records Act
- The Annual Demonstration Report will contain information for public review of records
- The Farm Bill protects information provided by an agricultural producer participating in NRCS EQIP from mandatory disclosure



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### Section 7.0: Use of Projected Incentive Program Reductions as Control Strategies in SIPs

- SIP-creditable emission reduction commitments in District SIPs to address CAA requirements:
  - Attainment carrying capacity targets
  - Reasonable Further Progress/Rate of Progress
  - Contingency measures
  - Black box reductions
- Commitments limited to amount achievable by:
  - Secured or reasonably anticipated funding
  - Estimated availability of emission reductions and willing participants, based on historical participation and estimates of remaining equipment

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### ARB's Incentive Credit Regulation

- Mechanism to obtain SIP credit from U.S. EPA for cleaner mobile agricultural equipment funded with incentives
- Addresses SIP goals and commitments in the SJV
- Provides for accountability of reductions
- To be presented to ARB's Board in October 2013

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### Open Discussion

Please come to podium  
State name and affiliation

[webcast@valleyair.org](mailto:webcast@valleyair.org)

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### Next Steps...

- Review comments and amend draft rule and staff report as appropriate
- Public hearing tentatively scheduled for June 20, 2013



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### Comment Deadline

**April 23, 2013 at 5:00 PM**

Contact: Jeannine Tackett  
By Mail: San Joaquin Valley APCD  
1990 E. Gettysburg Avenue  
Fresno, CA 93726  
Phone: (559) 230-6100  
Fax: 559-230-6064  
Email: Jeannine.Tackett@valleyair.org



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Thank you for attending  
today's workshop

District Website  
[www.valleyair.org](http://www.valleyair.org)



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