



STATE OF NEW JERSEY
DEPARTMENT OF ENVIRONMENTAL PROTECTION

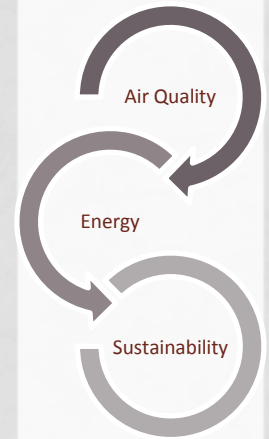


INDUSTRIAL STAKEHOLDER MEETING MARCH 2016

In Collaboration with Division of Air Quality, NJDEP

EMISSION CREDITS IN NEW JERSEY

CURRENT SHORTAGE AND OPTIONS



Presented by: Khawar Kalim, Division of Air Quality

CREDITS NEEDED FOR NEW POWER PLANTS

Southern Ozone Nonattainment Area (NJ-PA-DE-MD)

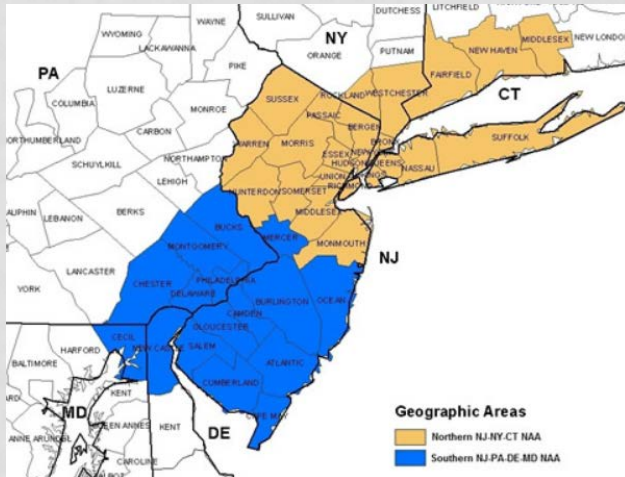
New Power Plant	County	App Received?	Credits Identified?	Credits needed by*	Credits Needed	
					VOC TPY	NOx TPY
1 Proposed Facility #1	Cape May	Yes	Not needed	Jul 2018	nets out	nets out
2 Proposed Facility #2	Salem	Yes	Owens 154 TPY NOx	May 2018	43	
Estimate of Credits needed:					43	0

Credits currently listed in NJ registry: 338 1127

50% scenario (assuming only half of the Credits are available for sale): 169 564

Estimate of Credits needed: 43 0

Surplus/Shortfall: 126 564



**Southern Nonattainment Area
SURPLUS: VOC 126 TPY, NOx 564 TPY**

CREDITS NEEDED FOR NEW POWER PLANTS

Northern Ozone Nonattainment Area (NJ-NY-CT)

New Power Plant	County	App Received?	Credits Identified?	Credits needed by*	Credits Needed	
					VOC TPY	NOx TPY
1 Proposed Facility #1 (NY**)	Hudson	Yes	Not needed	Jul 2018	nets out	nets out
2 Proposed Facility #2 (NY**)	Bergen	No	No	Oct 2018	90	319
3 Proposed Facility #3	Middlesex	Yes	Owens 48 TPY VOC, 164 TPY NOx	Jul 2018		28
4 Proposed Facility #4	Middlesex	Yes	Owens 48 TPY VOC	Jul 2018		179
5 Proposed Facility #5	Middlesex	Yes	No	Jul 2018	259	151
6 Proposed Facility #6	Middlesex	No	No	Oct 2018	39	56
7 Proposed Facility #7	Hunterdon	No	4,000 TPY NOx in NY	Dec 2018	130	390
8 Proposed Facility #8	Union	No	No	Dec 2018		105
Estimate of Credits needed:					518	1228

Credits currently listed in NJ registry: 951 807

io (assuming only half of the Credits are available for sale): 476 404

500 TPY of VOC Credits may not be verifiable***: -500

Add Credits available through NJ/NY MOU****: 195

Total available: -25 599

Estimate of Credits needed: 518 1228

Surplus/Shortfall: -543 -629

Northern Nonattainment Area
SHORTFALL: VOC 543 TPY, NOx 629 TPY

* Based on either expected date of operation. ** Facility provides/will provide power to NY.

*** 500 TPY VOC credits needs confirmation from Essex Chemical. **** 155 out of 350 TPY of NY Credits have already been used. MOU ends Dec 2017.

RECIPROCITY AGREEMENTS IN OTHER STATES

	RECIPROCITY AGREEMENTS	Effective	Type
1	New York and Connecticut	1999	Unlimited use and trade of emission credits in either states.
2	New York and Pennsylvania	1996	Unlimited use and trade of emission credits in either states.
3	Pennsylvania and Maryland	2001	Unlimited use and trade of emission credits in either states.
4	New Jersey and New York	2014	Limited to 350 TPY of NOx over 3 years. 155 out 350 TPY already used*.

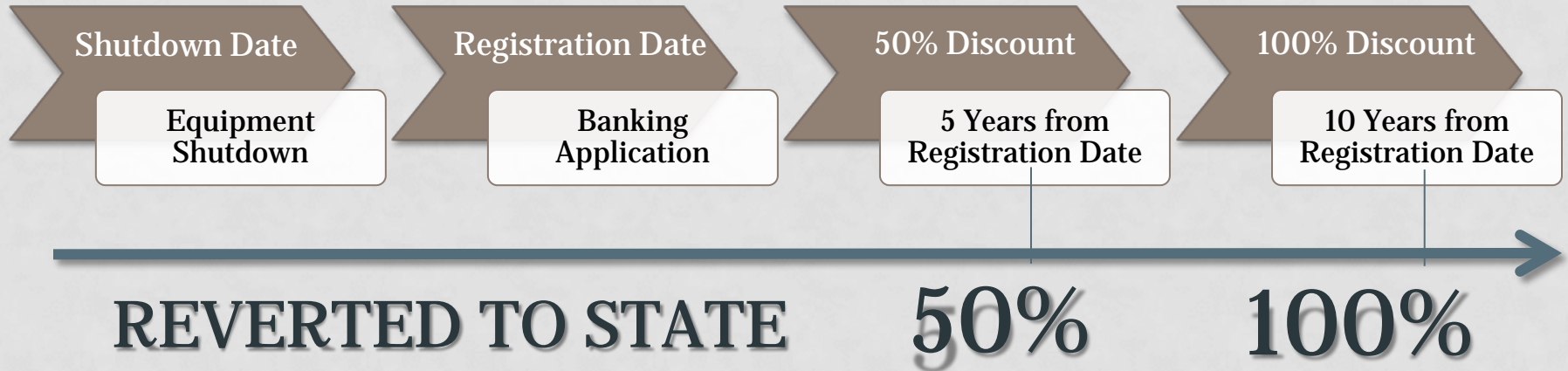
* A proposed facility has informed NJDEP that they intend to use the remaining 195 TPY of NOx credits available through the transfer agreement with New York. This transfer will exhaust all credits allowed under the agreement.

	NOx (TPY)	VOC (TPY)
New York's Inventory**	15,136	2,488
New Jersey's Inventory***	1,934	1,289

** Fewer credits are available in Northern Nonattainment area: NOx 10,126 TPY, VOC 1,011 TPY

*** All credits listed in NJ registry, without a check of availability or discount

EMISSION CREDITS - LIFE CYCLE



CURRENT INVENTORY OF CREDITS REVERTED TO STATE

	Tons per Year (TPY)						
	CO	VOC	TSP	PM10	PM2.5	SO2	NOx
Credits reverted from facilities that shutdown between 2005-2010 (50%)	288	255	124	72	39	151	358
Credits reverted to State from facilities that shutdown prior to 2005 (100%)	6,957	5,834	2,990	139	-	24,519	4,828
Total Credits reverted to State:	7,245	6,089	3,114	211	39	24,670	5,186

ACTION ITEMS TO ADDRESS CREDITS SHORTFALL

Continue towards Attainment for Ozone. While this is a long term goal, implement the following short-term measures (3-5 years):

1

- Consider a Reciprocity Agreement with NY for unlimited use and trade of emission credits in the Northern Nonattainment area (preferred option).
- Alternatively, draft a new MOU with NY for up to 600 TPY VOC and 700 TPY NOx.

NEXT 6 MONTHS

2

- Revise New Jersey's emission offset rule (Subchapter 18) to address the use of Reverted Credits.
- DAG/legal determination has been requested to check if the rule allows the use of reverted credits by the State.

2-3 YEARS

3

- Work with New Jersey facilities to evaluate: (1) installing new controls, (2) permanently curtailing production, (3) shutting down existing equipment that is not needed, (4) adopting pollution prevention measures, and (5) implementing transportation control measures.

ONGOING

Section 108 of the CAA provides examples of transportation control measures including: improved public transit, traffic flow improvements and high-occupancy vehicle lanes, shared ride services, pedestrian/bicycle facilities, and flexible work schedules, programs to control extended idling of vehicles, etc.

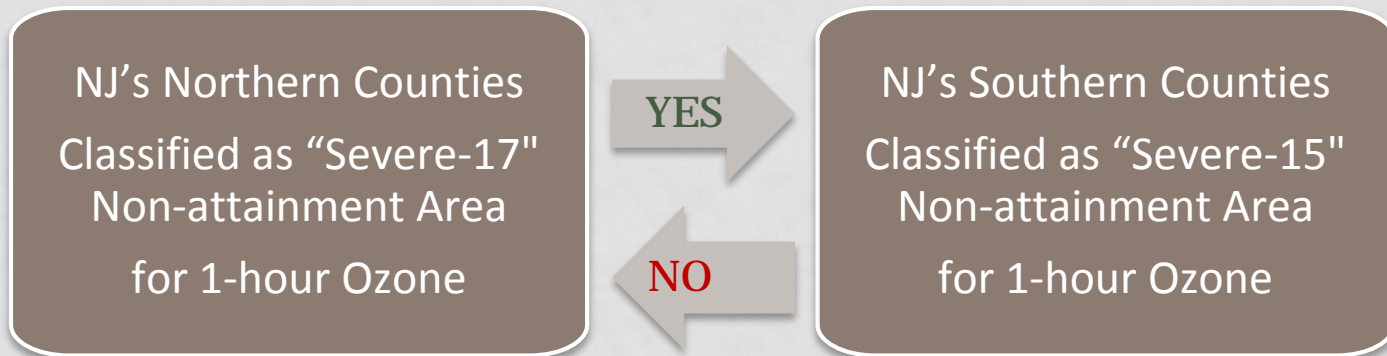
FREQUENTLY ASKED QUESTIONS

1. Where I can find information about New Jersey's Emission Credits Program?

All information, including lists of credits in the registry, banking and transfer application forms, link to Emission Offset rule, procedure for using credits as emission offsets, and the FAQ are posted at: <http://www.nj.gov/dep/aqpp/bec.html>

2. Can a facility in Southern New Jersey use credits from a facility located in Northern New Jersey?

CAA requires that a source may offset increased emissions by obtaining emission reductions of such air pollutant from the same source or other sources in the same nonattainment area, except a source may obtain emission reductions from another nonattainment area if the other area has an equal or higher nonattainment classification than the area in which the source is located.



FREQUENTLY ASKED QUESTIONS

3. How emission credits are transferred from one facility to another?

Step 1: Submit CER02 - Identification of Creditable Emission Reductions (CERs) for Transfer. The Department will review the application, verify the amounts of CERs banked, and notify the applicant to submit a joint request for transfer.

Step 2: Submit CER03 - Joint Request for Transfer of Creditable Emission Reductions. The Department will review the joint request for transfer and issue a letter confirming the transfer.

4. Can a third party own emission credits in New Jersey?

No. The Emission Offset Rule applies to facilities that have (or have applied for) permits pursuant to N.J.A.C. 7:27-8 or N.J.A.C. 7:27-22. Hence, credits can only be owned by facilities in New Jersey that have (or have applied for) Preconstruction permits or a Title V Permit.

5. When CERs become "used" and they are no longer subject to the 50% or the 100% discounting?

CERs become used when they are proposed as emissions offsets or used in calculating the proposed net emission increase. Note that transfer of CERs is on "as is" basis (i.e. time discount and rule discount clocks do not stop during the transfer process). Discounting stops when CERs are applied to the project, not at the time of transfer.

Emission Credit Questions Contact: Khawar Kalim | Division of Air Quality | 609.292.1215 | khawar.kalim@dep.nj.gov

CREDITS NEEDED FOR NEW POWER PLANTS

New Jersey 8-Hour Ground-Level Ozone Multi-State Nonattainment Areas

