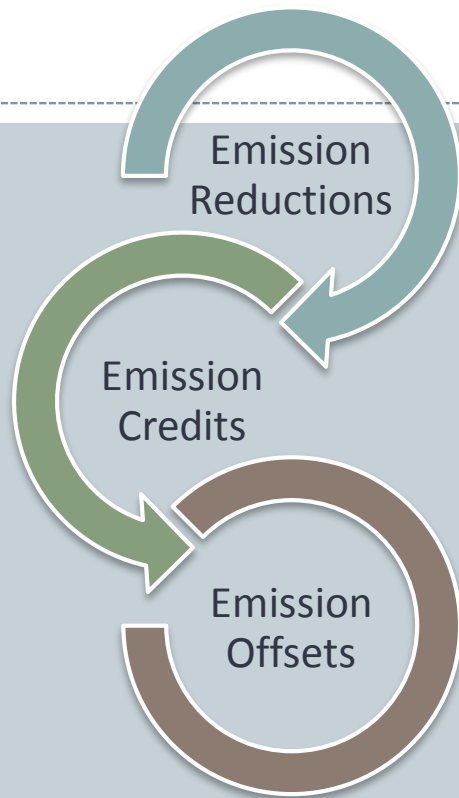


New Jersey's Emission Credits Banking

New Jersey Department of Environmental Protection
Division of Air Quality, Bureau of Air Permits
401 E State Street, Trenton, NJ 08625



Khawar Kalim, Air Quality Permitting Program
Air Permitting / Industrial Stakeholders Meeting
Sep 6, 2013

The Rule and Basic Definitions



- **Emission Offset Rule ([N.J.A.C 7:27-18](#))**
 - Offers eligible applicants the right to preserve qualified emission reductions for future use as Offset credits and/or trade within the designated areas in New Jersey.
- **Important Terms**
 - Creditable Emission Reduction (CER) means a decrease in actual emissions which meets the [conditions](#) listed in the Emission Offset Rule.
 - Banking means the reservation of CERs, pursuant to N.J.A.C. 7:27-18.8, for future use as emission offsets.
 - Emission Offset means a CER approved by the Department for use to offset an increase in allowable emissions of an air contaminant from a facility.

How CERs can be produced



1. Installing controls to decrease actual emissions.
2. Applying fugitive emissions control measures.
3. Curtailing the actual production rate or hours.
4. Implementing [transportation control measures](#).
5. Shutting down an existing source operation.
6. Other measures approved by the Department.

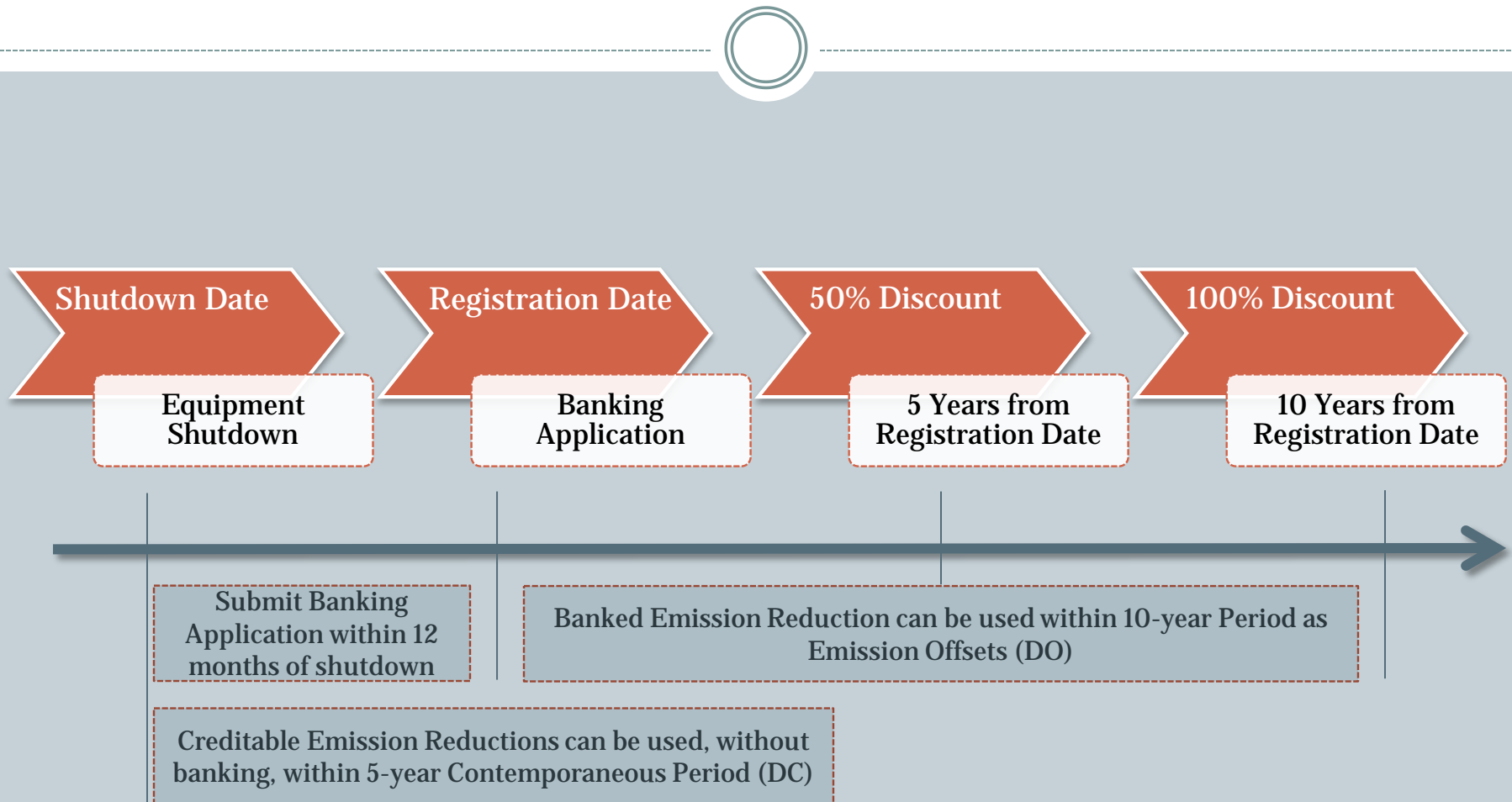
How to bank CERs



- Submit CER application within 12 months of reduction
- CER Banking Form available at [AQPP webpage](#)
- Reviewed by the assigned Permit Writer
- Eligibility review and Initial Verification
- Enforcement input: shutdown, date, etc.
- Registration process (banked) – database entry
- NJDEP Approval letter

New Jersey's Emission Credits Banking

Emission Credits – Life Cycle



Using CERs as Emission Offsets



- Facility may use CERs to offset an emission increase. Such emission reductions shall be: Contemporaneous or Banked in accordance with N.J.A.C. 7:27-18.8.
- Emission reductions used previously as emission offsets, or used in calculating the proposed net emission increase, in accordance with N.J.A.C. 7:27-18.7(a)1 may not be used again as emission offsets.

Using CERs as Emission Offsets



- Final Verification occurs when CERs are proposed to be used as Emission Offsets ([procedure on AQPP webpage](#))
 - STEP 1 - RULE DISCOUNTS: If a State or federal rule decreases an allowable emission limit for an air contaminant, the value of any banked CERs of that air contaminant is reduced accordingly. N.J.A.C. 7:27-18.8(e).
 - STEP 2 - TIME DISCOUNTS: The value of banked CERs which remain unused as emission offsets for more than five years is discounted by 50 percent. CERs which remain unused as emission offsets for 10 years revert to the State. N.J.A.C. 7:27-18.8(f) and (g).

New Jersey's Emission Credits Banking

Buying and Selling CERs



- Facilities may also buy/sell (transfer) CERs, to be used as Emission Offsets. Two step process:
 - STEP 1 - Submit Transfer Application available at [AQPP webpage](#)
 - ✦ The Department reviews the application
 - ✦ Verifies the amounts of CERs available
 - ✦ Provides a template for Joint Request for Transfer
 - STEP 2 - Submit notarized Agreement between buyer and seller
 - ✦ The Department reviews the agreement and issues an Approval Letter
 - ✦ CERs are transferred in the Registry - “as is” transfer, time discount clock continues

New Jersey's Emission Credits Banking
Program Information



- NJDEP maintains a database of CERs.
- [Banked Emission Credits reports](#) on AQPP Webpage provide a list of CERs currently in the database.
- FAQ document and reports are updated monthly.

Questions / Contact

Khawar Kalim, 609.292.1215

Khawar.Kalim@dep.state.nj.us

Conditions for Creditable Emission Reduction



In order to be a creditable emission reduction, the decrease must be:

1. Quantifiable;
2. Federally enforceable;
3. Not required pursuant to any Federal or State law, rule, permit, order, or other legal document;
4. Not relied on by the Department in the SIP or any revision thereto, adopted by the Department, to demonstrate attainment or maintenance of a NAAQS or to demonstrate reasonable further progress toward attainment of a NAAQS; and
5. Verifiable, to the satisfaction of the Department, to have in fact occurred.

Transport Control Measures



Under the Transportation Conformity Rule, Transportation Control Measures (TCMs) are strategies that:

1. are specifically identified and committed to in State Implementation Plans (SIPs); and
2. are either listed in Section 108 of the Clean Air Act (CAA) or will reduce transportation-related emissions by reducing vehicle use or improving traffic flow.

Measures that reduce emissions by improving vehicle technologies, fuels, or maintenance practices are not TCMs.

Section 108 of the CAA provides examples of transportation control measures including, but not limited to:

- improved public transit, traffic flow improvements and high-occupancy vehicle lanes, shared ride services, pedestrian/bicycle facilities, and flexible work schedules.

Additional Details: [Transport Control Measures](#) (Federal Highway Administration's webpage)