CIRCULAR
STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY

NO: 17-08-DPMC/DPP
ORIGINATING AGENCY: DIVISION OF PROPERTY MANAGEMENT AND CONSTRUCTION
DIVISION OF PURCHASE AND PROPERTY

EFFECTIVE DATE: 11-15-16
EXPIRATION DATE: INDEFINITE
SUPERSEDES: N/A

SUBJECT: EXCESS/SURPLUS PROPERTY – CREDITABLE EMISSIONS REDUCTIONS (CERS)

ATTENTION: ALL STATE AGENCIES

FOR CONTACT INFORMATION: (DPMC) – JAMES LANGSDORF PHONE: (609) 984-9596 FAX: (609) 984-1750
(DPP) – PHIL MICHAELS PHONE: (609) 292-4886 FAX: (609) 984-2575

I. PURPOSE

This Circular sets forth the procedures for the identification, notification, and method of disposal of surplus State assets known as CREDITABLE EMISSION REDUCTIONS (CERS).

II. POLICY

The policy of the State of New Jersey is to ensure that the Departments and Agencies comprising State Government achieve the maximum possible benefit from excess and surplus property by directing the procedure for handling such property and by providing the guiding principles to assist State agencies in determining the appropriate course of action to expedite the proper disposition of such property in compliance with N.J.S.A. 52:27B-67.

III. DEFINITIONS

Excess Property – State property no longer needed by the owning Agency that is offered to other State Agencies at no charge.

Owning Agency – State Agency responsible for the facility and/or credit.

Surplus Property – State property not needed by any State Agency that is available for appropriate disposition.

Creditable Emission Reductions (CERs) – The 1990 Clean Air Act Amendments (CAA) encourage the use of market-based approaches, including emission trading, to assist in attaining and maintaining the National Ambient Air Quality Standards (NAAQS) for all criteria pollutants. CERs are created based upon the measurement of various chemical pollutants emitted by a facility. A facility earns CERS by reducing the amount of these emitted pollutants. The New Jersey Administrative Code, Title 7, Chapter 27, Section 18.8. (N.J.A.C. 7:27-18:8), mandates the New Jersey Department of Environmental Protection’s (DEP) Division of Air Quality with the task of tracking emission reduction credits and establishing and maintaining a “bank” where Creditable Emission Reductions (CERs) are registered and deposited on behalf of owners of facilities who have earned the credits. When these benefits are generated by a State-owned facility, the resulting CERs are considered a type of State-owned property.
IV. GUIDELINES

The transfer, sale, or disposal of all State assets classified as Surplus Property must comply with N.J.S.A. 52:27B-67.

Excess property must either be made available to other State Agencies at no charge or be declared Surplus and sold through bidding or public auction/sale, or disposed of locally. All proceeds from the sale of Surplus assets, including CERs, must be deposited into the General Fund, State of New Jersey.

The Treasury Division of Property Management and Construction (DPMC) shall determine if CERs registered to any State facility may be applied to benefit another facility. If CERs accrued by a State agency have no utility for any other State agency, they shall by definition be declared surplus property and are to be offered for disposition and sale through the Division of Property Management and Construction (DPMC) as outlined below, which must deposit the proceeds of such disposition into the General Fund. Owning agencies are not authorized to dispose of surplus CERs on their own.

Under certain circumstances, it may be appropriate to modify or amend the policies and procedures of this Circular to affect the timely and/or most cost effective method of surplus property disposal. Requests to deviate from the procedures of this Circular must be made in writing to the Director of DPP and the Director of DPMC, and must be approved accordingly.

V. AGENCY PROCEDURE FOR SURPLUS CERs

A. Each State owner of facilities subject to the terms of this Circular shall notify DPP that it possesses CERs eligible for disposition, and shall give DPP permission to operate as a broker/agent to sell these CERs on behalf of the State.

B. When an owning agency plans to decommission, close, reduce the use of a facility or in any way alter a facility in such a manner that will alter its emissions profile, it must accurately report this information to DPMC.

C. Each owning agency is required to maintain records of emissions for each of their facilities registered with DEP, Div. of Air Quality.

D. Facility owners are responsible for the regular updating of the emissions profiles of all of their facilities with DEP, Div. of Air Quality.

VI. DIVISION OF PROPERTY MANAGEMENT AND CONSTRUCTION PROCEDURE FOR SURPLUS CERs

A. When it is deemed advantageous to the State, the DPMC shall identify and verify which CERs banked with the DEP, Div. of Air Quality are to be declared as Surplus Property and shall begin the process of their disposition.

B. The DPMC may consult with several CERs brokers to determine purchase interest and estimated current values of the CERs chemical components. The DPMC shall then contact potential buyers to announce the date and time of a DPMC “auction” of the CERs. At the established date and time, bidders will have an opportunity to bid until the established “auction” closing time. At the conclusion of the established bid auction closing time, the DPMC may declare the highest bidder the winner and provide notice to this bidder of same. All bids shall be recorded, as applicable, on Form PB-VOC, PB-PM10, PB-PM2.5, PB-NOX, PB-SOX or PB-TSP, Summary of Bids — CREDITABLE EMISSION REDUCTIONS (CERs).
C. In the event that a bid has been accepted and is in accordance with the terms of the auction, the DPMC shall require the buyer and seller to submit form CER02 - Identification of Creditable Emission Reductions (CERs) for Transfer. This form is available at http://www.nj.gov/dep/agpp/bec.html. Upon receiving an approval letter issued by DEP to the buyer and seller, the DPMC shall prepare and complete an Agreement of Sale with the highest bidder. The Agreement of Sale must be signed by the winning bidder, the Director of DPMC (or the Director's designee), and the Director of DPP (or the Director's designee), and maintained by DPMC on file with Form PB-VOC, PB-PM10, PB-PM2.5, PB-NOX, PB-SOX or PB-TSP, as applicable.

D. Any Agreement of Sale entered into between the State and the CER winning bidder shall be effective only upon the State's receipt of the fully executed Agreement of Sale, and receipt and clearing of funds in the amount of the agreed upon sale price within 5 days. If payment by the winning bidder is to be made by check, the check must be made payable to “Treasurer, State of New Jersey.” All funds received from the sale of CERs proceeds are to be transmitted into the General Fund. After entering into an Agreement of Sale and after funds have been received and cleared, and prior to the final release of the CERs, the DPMC shall require the buyer and seller complete and execute form CER03 - Joint Request for Transfer of Creditable Emission Reductions (CERs). This form is available at http://www.nj.gov/dep/agpp/bec.html. This form shall then be submitted to New Jersey Department of Environmental Protection’s Division of Air Quality, which will transfer the CERs to the Buyer in accordance with its procedures.

VII. RECORD KEEPING

All records and documentation pertaining to the disposal of surplus CERs must be maintained by the DPMC in accordance with appropriate records retention schedule provision(s) and must be available for review by the DPP and by the Office of Legislative Services.

Christopher Chianese, Acting Director  
Division of Property Management and Construction

Jignasa Desai-McCleary, Director  
Division of Purchase and Property