

# Emissions Banking and Trading Rules Updates

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Texas Commission on  
Environmental Quality

Environmental Trade Fair 2018



# Affected Rules

## 30 TAC Chapter 101, Subchapter H

Division 1: Emission Credit Program  
“ERC Program”



Division 4: Discrete Emission Credit Program  
“DERC Program”

# Purpose of Rulemaking

Address implementation issues for ERC and DERC generation from area and mobile sources

Surplus

Real and  
Quantifiable

Permanent and  
Enforceable  
(ERCs)

# What's New in the Rules?



**Credit Generators**



**SIP Emissions**



**Calculations**



**Incentives**



**Applications**



**Timelines**

# Credit Generators

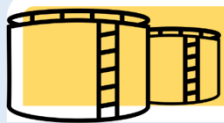


## Area Sources

Non-residential sources



No inelastic source shut downs



## Point Sources

No major changes with rulemaking



## Mobile Sources

On-road and non-road

Primarily operated (75%) in nonattainment area

For shutdown/replacement, must be made permanently inoperable or moved out of North America

## SIP Emissions

## SIP Years

## Emission Pools

- For area/mobile, use latest SIP NEI year
- Facility or mobile source must have operated in the SIP emissions year
- Credits based on the lower of the SIP emissions or historical adjusted emissions



## SIP Emissions

## SIP Years

## Emission Pools

### HGB

#### ***Point Sources***

**2014:** Non-EGUs

**2015:** EGUs

#### ***Area and Mobile Sources***

**2014**

### DFW

#### ***Point Sources***

**2012:** Non-EGUs

**2014:** EGUs

#### ***Area and Mobile Sources***

**2014**

## SIP Emissions

## SIP Years

## Emission Pools

HGB	NO <sub>x</sub> (tons)	VOC (tons)
Area	4,889	74,371
On-Road	27,716	16,364
Non-Road	20,824	11,053

DFW	NO <sub>x</sub> (tons)	VOC (tons)
Area	7,500	60,890
On-Road	37,635	19,787
Non-Road	18,938	11,380

Potentially  
Creditable SIP  
Emissions  
Initial Values

[EBT Web page](#)





## **Calculations**

**Historical Adjusted Emissions**

**Discounts**

**Mobile Source Considerations**

**Grouped Emission Points**

# Historical Adjusted Emissions

**Historical Adjusted Emissions**

## ***Adjustment***

Account for applicable local, state, or federal regulatory limits

## ***Two-Year Average***

- For area/mobile, five years prior to the reduction
- Up to 10 years with detailed operational records

Baseline Emissions = lower of the **Historical Adjusted Emissions** and the **SIP Emissions**

## Discounts

**Shutdown**

**15% or 0.1 tpy/ton**

**Alternate  
Protocol**

**15% or 0.1 tpy/ton**

**Shutdown +  
Alternate  
Protocol**

**20% or 0.1 tpy/ton**

**Applied to credits generated from area or mobile sources**

	Historical Year 1	Historical Year 2	SIP Year
Calendar Year	2012	2013	2014
Emissions (tons)	5.0	2.0	3.0
Adjusted Emissions (tons)	3.0	2.0	3.0

Permit limit =  
3.0 tpy

HAE	SIP Emissions	Baseline	Strategic	Potential ERCs	ERCs after Discount
2.5	3.0	2.5	0.0	2.5	2.1

Shutdown

15%

Example

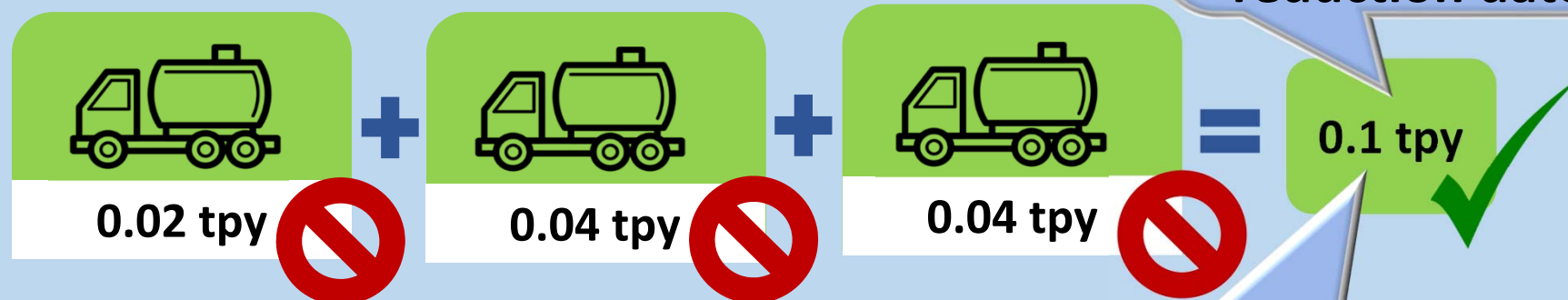


## Useful Life and Annualization

- ▶ Applies to mobile source ERCs
- ▶ Credits based on useful life, annualized over 25 years
- ▶ SIP fleet turnover assumptions used to determine useful life
- ▶ Not applicable to capture and control systems for marine vessels and locomotives

# Mobile Source Aggregation

Application  
deadline and  
credit expiration  
set by earliest  
reduction date

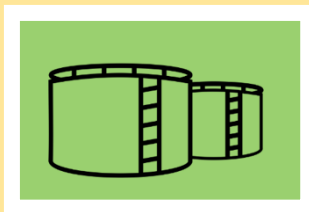
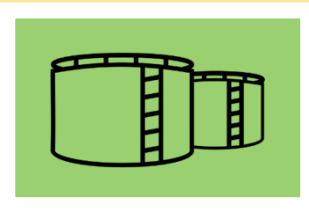
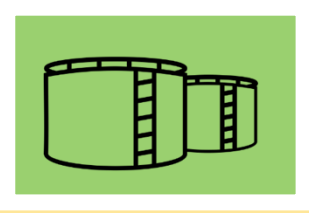


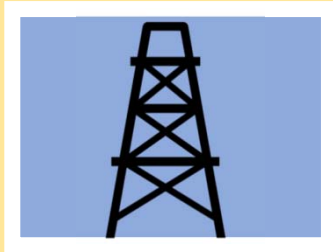
Must be  
represented on  
same application

## Grouped Emission Points

**Area source emission points may be grouped if:**

- ▶ Emissions from the group is  $\geq 0.1$  tpy
- ▶ The same SIP and HAE years are used
- ▶ Emissions points share common characteristics
- ▶ Credit cannot exceed lower of SIP year actual emissions or HAE





# Incentives

**Oil and Gas**

**Capture and Control**



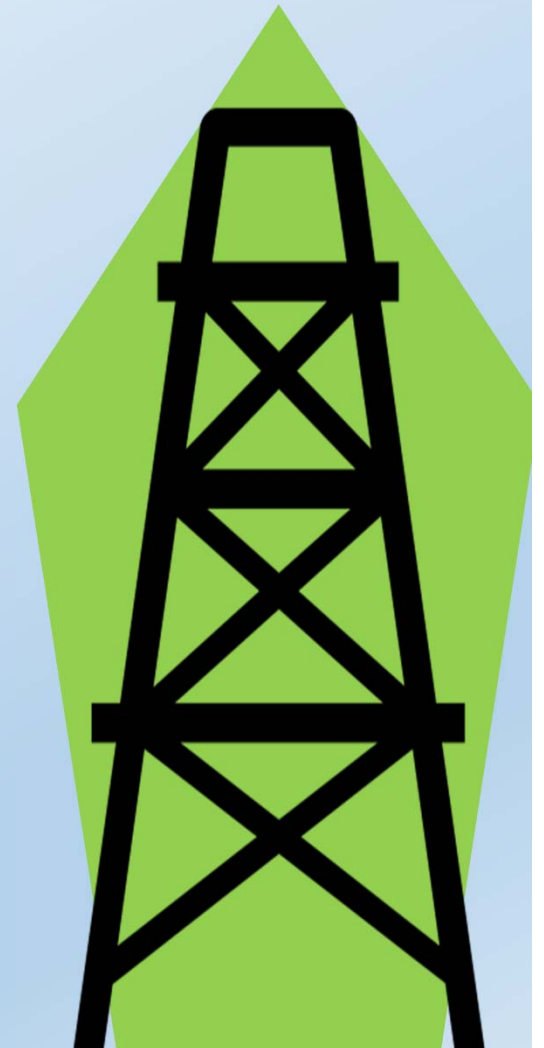
# Oil and Gas Incentives

## ***IF:***

- Application is for a complete shutdown
- Well plugging is completed within one year of final production reported to RRC
- Well is plugged in accordance with RRC requirements

## ***THEN:***

- Credit application may be submitted two years after well is plugged
- Credit life is six years from plugging date



# Capture and Control

**Remaining useful life and annualization do not apply**

**Credit calculations consider:**

- **Marine vessel or locomotive emissions that are not captured;**
- **emissions not controlled by the system; and**
- **emissions caused by or as a result of operating and/or moving the system**

**Initial credit owner = capture and control system owner**





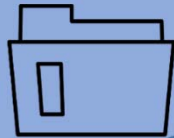
# **Applications**

**Electronic Submission**

**EBT-CERT**

**Application Tips**

# Electronic Submission



1

## EBT Portfolio

- [Contact EBT Team](#)
- Company Name, Site Name, CN, RN
- TCEQ Central Registry [Core Data Form](#)



2

## Create [STEERS](#) Account

- Applications must be submitted electronically (effective 1/1/18)
- [Guidance](#) available



3

## Register AAR

- Go to STEERS Contact Home
- Add alternate AAR and technical contact(s)

# EBT-CERT

Must be certified  
through STEERS



Non-compliance is a  
violation and could  
result in enforcement  
action

**EBT-CERT**

Generator must  
comply with all  
EBT-CERT  
conditions



Does not replace  
Form APD-CERT



# Application Tips



**Establish  
portfolio  
and register  
with STEERS  
early**



**Pay  
attention to  
application  
deadlines**



**Provide  
detailed  
information**

**Records/calculations for  
emission rate and level of  
activity for SIP and historical  
adjusted emissions**



**Records demonstrating  
compliance with applicable  
local, state, or federal  
requirements**





# Timelines

**ERC Application Deadlines**

**ERC Life**

**General (most projects)**

**Two years after facility/mobile source reduction date**

**Oil & Gas (incentive)**

**Two years after well is plugged**

**Aggregate mobile sources**

**Two years after earliest source reduction**



**Reductions between  
1/1/2015 – 1/1/2017**

**Three years after facility/mobile source reduction date**



**Limited time exceptions for area and mobile**

## **ERC Application Deadlines**



**General  
(most projects)**

**Five years from facility/mobile  
source reduction date**

**Reductions eligible  
for application  
exception**



or

**Oil & Gas  
(incentive)**

**Six years from well plugging  
date**

**Applications  
received, but not  
acted on, by  
1/1/2017**



**Aggregate  
mobile sources**

**Five years from earliest source  
reduction date**

**Six years from  
facility/source  
reduction date**



**Limited time exceptions for area and mobile**

**ERC Life**



# Contacts

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