

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

RULE 2202 - ON-ROAD MOTOR VEHICLE MITIGATION OPTIONS IMPLEMENTATION GUIDELINES

Adopted February, 2004

(Emission Factors Updated July, 2008)

**(Emission Reduction Quantification Protocol for Future Marine Vessel Projects,
approved by the SCAQMD Mobile Source Committee on November 21, 2008)**

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I. BACKGROUND

A. Summary

Rule 2202 has been designed to reduce emissions from mobile sources. The Rule provides employers with a menu of options that they can choose from to implement and meet the emission reduction target (ERT) for their worksite.

The purpose of this document is to provide guidelines for compliance with the provisions of Rule 2202. The various emissions reduction strategies and trip reduction strategies currently contained in the Rule that employers can implement and receive credit towards their ERTs are listed in the Table below.

| Emission Reduction Strategies (Subdivision (f)) | Trip Reduction Strategies (Subdivision (g)) |
|---|---|
| <ul style="list-style-type: none"> • Clean On-Road Mobile Sources (Regulation XVI) • Clean Off-Road Mobile Sources (Regulation XVI) • Pilot Credit Generation Programs • Air Quality Investment Program • Short Term Emission Reduction Credits (STERCs) From Stationary Sources (Regulation XIII) • Area Source Credits (Regulation XXV) | <ul style="list-style-type: none"> • Peak Commute Trip Reductions • Other Work-Related Trip Reductions • Vehicle Miles Traveled (VMT) Programs • Off-Peak Commute Trip Reductions |

Table I-1: Emission Reduction Options

As an alternative to meeting the ERT at their worksite, the Rule allows the employers optional implementation of an Employee Commute Reduction Program (ECRP). Implementation details of this strictly optional program are included in the ECRP Guidelines. The Implementation Guidelines outlines the framework, calculation methodology, and criteria used in determining emission reductions credits and vehicle trip emission credits (VTECs) that can be applied towards meeting emission reduction targets (ERT).

An employer would comply with the provisions of the rule by submitting an Emission Reduction Strategy (ERS). The ERS submittal will describe the ERT calculation and how it will be implemented to meet the worksite's ERT.

B. Emission Reduction Target (ERT)
(R2202, subdivision (e))

Employers subject to Rule 2202 are required to implement an emission reduction program and meet an annual ERT for Volatile Organic Compounds (VOC), Oxides of Nitrogen (NO_x) and Carbon Monoxide (CO). Figure I-1 outlines the equation used to determine the ERT for each pollutant.

$$\left[\begin{array}{c} \text{Emission} \\ \text{Reduction Target} \\ \text{(lbs/year)} \end{array} \right] = \left[\text{Employees} \times \frac{\text{Employee Emission}}{\text{Reduction Factor}} \right] - [\text{VTEC}]$$

Figure I-1. Emissions Reduction Target Determination

The employer's emission reductions can be further reduced through generation of Vehicle Trip Emission Credits (VTECs) from the implementation of optional trip reduction strategies. These VTECs, obtained through peak and off-peak commute trip reductions, other work-related trip reductions, or vehicle miles traveled (VMT), can be applied towards meeting an employer's ERT. Credit for any program must go beyond the requirements of existing state and federal programs to avoid "double counting" the emission reductions. All emission credits are valid according to the conditions, guidelines, or regulations under which they were originally issued.

C. Pollutants Considered

Vehicle trips are responsible for the emissions of VOC, NO_x, and CO. Most trip reduction programs reduce emissions by similar relative amounts. Emission reduction strategies, however, aimed primarily at reducing emissions rather than trips, may reduce emissions by different relative amounts. Rule 2202 is designed to reduce emissions of VOC, NO_x, and CO, by an equal or greater amount to that achievable through trip reduction. Rule 2202 allows employers to select and implement a combination of emission reduction strategies and meet the site-specific ERTs for VOC, NO_x, and CO.

II. EMISSION REDUCTION STRATEGIES

The emission reduction strategies considered in this document may include, old-vehicle scrapping, clean on-road vehicles, clean off-road vehicles, pilot credit generation programs, other programs under Regulation XVI, STERC from stationary sources, area source credits, and the air quality investment program. In addition, companies can meet the emission reduction requirements, in whole or in part, by obtaining sufficient VTECs.

A. Mobile Source Emission Reduction Programs (R2202, paragraph (f)(1))

Any person may elect to use mobile source emission reduction credits (MSERC) generated in accordance with the provisions of Regulation XVI - Mobile Source Offset Programs. Regulation XVI sets forth the requirements that are based on voluntary programs that achieve emission reductions beyond those required by local, state and federal regulations or programs. Any person may generate MSERCs through the voluntary implementation of any Regulation XVI program and apply them toward meeting the ERT for their site or trade and/or sell them to other persons. Alternatively, employers that have a shortfall in meeting their ERTs can purchase surplus MSERCs from other employers or a credit vendor. Credits generated under Regulation XVI programs are subject to the quantification, issuance, and credit life restriction of the applicable rules and may be used for Rule 2202 as well as other AQMD rule compliance that authorizes such use.

B. Short Term Emission Reduction Credits (STERC) (R2202, paragraph (f)(2))

Employers may elect to use STERCs generated in accordance with Regulations XIII. In order for STERCs to be used to meet employers' emission reductions target or as part of an air quality investment program, the following apply for purposes of use in Rule 2202:

1. Only STERCs issued in accordance with Rule 1309 - Emission Reduction Credits shall be allowed for use in Rule 2202.
2. STERCs are subject to the application, eligibility, registration, use, and transfer requirements in Rule 1309.
3. STERCs may be transferred to Rule 2202 upon submittal of a transaction application and fees. A transaction/registration application and filing fee per transaction shall be required to process the STERC transaction upon amendment to the fee rule.
4. STERCs issued pursuant to Rule 1309 may be used only if the original ERC was generated on or after January 1, 1996. The credit generation date is defined as the original date the AQMD issued the official Certificate of Title, not the date when the emission reductions occurred or when the ERC or Certificate was split or transferred.

5. For the purposes of Rule 2202, STERCs will be converted into annual emissions (lbs/year). The average number of operating days used in the original ERC evaluations shall be the basis for converting the STERC to annual emissions. Such conversions shall be done at the time when the STERCs are transferred to the Rule 2202 program.
6. STERCs in the Rule 2202 program may be divided among several worksites.
7. ERCs transferred into the Rule 2202 program shall remain in the program as ERCs. Those that are currently held in a Rule 2202 broker account shall have 90 days from February 6, 2004 to transfer out of the program. After the 90 days no further complete or partial transfers out of the program will be allowed. At any time, ERCs held in an undesignated account may be transferred in whole or part into the Rule 2202 program for use in satisfying an employer's ERT.

C. Area Source Credits (ASC) from Regulation XXV
(R2202, paragraph (f)(3))

Regulation XXV - Intercredit Trading provides an opportunity for employers to generate or obtain emission reductions from alternative sources and apply them towards meeting the ERT for their site or trade them to other employers or persons in accordance with paragraph (f)(3) of the Rule. Regulation XXV emission credits that are used in Rule 2202 are subject to the same limitations on quantification, credit issuance, credit life, and eligibility, as set forth in that regulation.

Area source credit generation is a voluntary program and provides a mechanism to convert emission reductions from non-permitted stationary sources into tangible emission credits. Area sources include a wide variety of sources, such as small combustion equipment including engines, heaters, and boilers.

D. Air Quality Investment Program (AQIP)
(R2202, paragraph (f)(4))

The concept of an AQIP is based on relative cost-effectiveness. Employers may participate in the AQIP by submitting an air quality investment, to be placed in a restricted fund as set forth in Rule 311 - Air Quality Investment Program Fees.

The AQMD Executive Officer will recommend to the AQMD Governing Board the release of request for proposals (RFP) to solicit projects that will achieve the emission reduction targets for a given compliance period. At a minimum, the release will be on a semi-annual basis.

Proposals for using monies from the restricted fund will be accepted by the AQMD Executive Officer on an ongoing basis. The AQMD Executive Officer will determine the amount of emission reductions required to demonstrate equivalent emissions reductions and the amount that will be achieved by the proposal. The quantification protocols shall be consistent with conditions specified under section *E. Other Emission Reductions*

Strategies. The proposals received will be rated by source category, including a category for TDM projects. The Executive Officer will then recommend to the Governing Board proposals that achieve equivalent emissions reductions. The Executive Officer may use inter-pollutant crediting to achieve emissions equivalent to the level of the employers' participation. The AQIP emission reduction commitment will be based on the rule emission factors for the current year in question regardless of when the initial monies were placed into the program. In addition, the Executive Officer will recommend that the allocation of funding for proposals that reduce equivalent emissions within each county be proportional to the contribution level of employers within each county to the greatest extent feasible. As part of the RFP release, the Executive Officer will provide to the AQMD Governing Board a status report on program effectiveness and the balance of monies in the fund.

E. Other Emission Reduction Strategies
(R2202, paragraph (f)(5))

Any person may submit an application, pursuant to paragraph (f)(5) of the Rule, to generate VOC, NO_x, and CO emission reductions from alternative emission reduction projects for use in Rule 2202. Applications, with complete information, shall be submitted at least 30 days prior to implementing an emission reduction project. The Executive Officer shall approve or disapprove the application and any subsequent revisions in writing within 90 days of submittal.

1. The application shall be submitted on a form specified by the AQMD, and at a minimum include the following:
 - a. Project description;
 - b. Name and address of the applicant;
 - c. Name and address of the owner and/or operator of the equipment;
 - d. Identification of the geographical area(s) served by the project;
 - e. Equipment description (including manufacturer specifications, certification data, etc.);
 - f. Project start date;
 - g. Project life;
 - h. Activity level (such as, hours of operation, fuel usage, odometer mileage);
 - i. Estimated emission reductions;
 - j. Emission reduction calculations, description of methodology used and references; and
 - k. Monitoring, recordkeeping and reporting methods, including methods for tracking project emission reductions.

2. The alternative emission reduction project shall be subject to the following conditions:

- a. For meeting District regulatory requirements, the credits issued under (f)(5) shall only be used for R2202, and shall be subject to all provisions of Rule 2202.
- b. The AQMD shall approve all emission reductions prior to use.
- c. The emission reductions shall be valid for two years from the date of AQMD approval.
- d. The emission reduction quantification shall be based on applicable AQMD rules and regulations, approved methodologies, Governing Board policies and guidelines, and the guidelines and methodologies established by CARB and EPA. The emission reduction quantification protocol shall be selected with the concurrence of AQMD staff.
- e. If there is no applicable protocol, an emission reduction quantification protocol shall be developed with the concurrence of AQMD staff. The proposed emission reduction quantification protocol shall be presented to the Governing Board Mobile Source Committee for review.
- f. Emission reductions generated under this provision shall not be the result of funding from any other AQMD, state or federal program that prohibits the use of such reductions for other purposes (e.g., AB2766 subvention funding, Carl Moyer, etc.).
- g. Emission reductions achieved by the project shall be based on the actual operation of the equipment as provided in the emission reduction quantification protocol.
- h. Emission reductions may be issued quarterly or semi-annually, based on the actual activity level for the previous quarter or six-months.
- i. Emission reductions may be held in an undesignated account, for tracking purposes, until transferred to an employer for rule compliance purposes.
- j. The application shall be deemed a plan, and plan fees shall be assessed in accordance with Rule 308 – On-Road Motor Vehicle Mitigation Options Fees.
- k. Emission reductions generated from projects that are in excess of those designated for Rule 2202 compliance may be used for other purposes subject to the approval of the Executive Officer.

AQMD staff is available to work with project proponents to develop emission reduction protocols and intends to compile protocols, when available, to ensure public accessibility.

F. General Emission Credit Provisions
(R2202, subdivisions (f) and (g))

Any person may apply MSERCs, RTCs, or ASCs generated pursuant to any AQMD mobile source or area source pilot credit generation program in accordance with the provisions and penalties under which the credits were issued unless otherwise noted below.

1. RECLAIM Trading Credits (RTC) originating from MSERCs or ASCs with applications approved prior to February 6, 2004 may be used in Rule 2202 in accordance with the following conditions:
 - a. If held in an RTC certificate account, are distinguishable from other RTCs and must only be purchased or transferred directly from the original applicant or originator. In addition, the original applicant or originator, within 30 days from February 6, 2004, transfers the RTCs to an undesignated account. After the 30 days no further transfers out of the RECLAIM program will be allowed,
 - b. Have not yet expired as issued. The use of RTCs in the Rule 2202 program shall not extend the credit life, and
 - c. Emission reductions or credits generated pursuant to a pilot credit generation program may be reconciled as frequently as every quarter or six-months for use in the Rule 2202 program and the approved application can be revised annually during the reduction period, if applicable.
2. On or after February 6, 2004, pilot credit generation programs shall be subject to the following provisions:
 - a. Applicants under the pilot generation credit program rules must specify in their application the RTC cycle that may be utilized; the amount (pounds) of emission reductions to be issued as RTCs for each year; and, indicate if the emission reductions are to be held in an undesignated account as an MSERC until they are sold or transferred.
 - b. The applicant may convert these undesignated MSERCs to RTCs at any time during the one year life of the credit.
 - c. Once the MSERC has been converted to RTCs they are no longer available for use in Rule 2202. Alternatively, the MSERCs may be used for Rule 2202 emission reduction target (ERT) compliance, in which case they will no longer be available for the RECLAIM program.
 - d. RTCs shall remain in the RECLAIM certificate account not available for Rule 2022 use, except for those that qualify under 1.a. in the previous section.

Employers using emission reductions obtained from other emission credit programs may result in different relative emission reductions of VOC, NO_x and CO from what's required. Employers that implement an emission reduction program and end up with

surplus emission reductions with respect to some of the pollutants can use them towards their future ERT or trade or sell them to other employers in accordance with subdivision (h) of Rule 2202. Alternatively, employers that have a shortfall in meeting their ERTs may obtain surplus emission reduction credits from other employers or other credit providers.

MSERCs, STERCs, or ASCs generated pursuant to paragraph (f)(1), (f)(2), or (f)(3) may be held in an undesignated account. This account is strictly for tracking emission reductions until such time they are transferred into the Rule 2202 program. Once emission reduction credits have been designated for a specific program or for use in the Rule 2202 program, the credits can not be transferred out of the designated program.

G. Inter-Pollutant Crediting
(R2202, paragraph (h)(6))

Any employer or the AQIP may apply VOC or NO_x emission reduction credits in lieu of all or part of a worksite's CO emission reduction target. VOC or NO_x emission reduction credits that could be used may come from various sources such as ASCs, STERCs, MSERCs, or credits generated pursuant to paragraphs (f)(4), (f)(5), or (f)(6) of the rule. Inter-pollutant crediting is to be used only by employers to facilitate meeting the worksite's CO emission reduction target. Inter-pollutant crediting shall only be used for compliance with an approved employer's Rule 2202 registration. Inter-pollutant crediting shall not be used to increase or build a CO emission bank. The inter-pollutant crediting ratios are:

1 pound VOC = 10 pounds CO
1 pound NO_x = 6 pounds CO

For example: An employer calculated their worksite CO emission reduction target to be 100 pounds. Instead of generating or purchasing CO emission credits, the employer may implement inter-pollutant crediting by dividing the CO target by VOC ratio value of 10. Thus, 10 pounds of VOC could be used in lieu of the worksite's 100 pound CO emission reduction target. Alternatively, an employer may chose to apply NO_x credits. Dividing 100 lbs of CO by 6 will result in 17 pounds of NO_x that may be used in lieu of the worksite's CO emission target. Note that calculation results are to be rounded to the nearest whole pound. Employers are not limited to using only VOC or NO_x and may use any combination of the two pollutants to meet the calculated emission reduction target.

H. Emission Reduction Requirements

Any proposed emission reduction strategy should contain an emissions or trip quantification methodology which follows applicable AQMD, CARB, or EPA policies and methodologies. Any proposed program may be submitted in combination with other programs, including, but not limited to, old vehicle scrapping or work-related trip reduction programs. AQMD will evaluate programs to assure that they produce emissions or trip reductions that are real, surplus, quantifiable, and enforceable.

1. Real Reductions

"Real" reductions are those that result in actual emission reductions and do not occur as a result of accounting practices, or "paper reductions." The key test in determining whether a strategy will result in real reductions is in establishing a proper emissions or trip baseline level. If, for example, facility XYZ has reduced emissions in excess of those required by the ERT, no "real" reductions will result from the establishment of ERT as a performance standard. Therefore, all quantification methodologies will be required to establish a standardized baseline condition, or use a default condition established by the Executive Officer, from which to calculate real emissions or trip reductions.

2. Surplus Reductions

"Surplus" reductions occur when an action is taken beyond existing regional, state, and federal requirements. Obtaining surplus emission reductions means the benefit of a control strategy is not "double counted." In many cases, the proposed strategy requirements overlap completely with another rule, regulation, statute, or legislation. However, by revising the strategy to become more stringent, the action would become partially creditable, or surplus. To meet this surplus criterion, all quantification methodologies will be required to include a mechanism for subtracting any regulatory overlaps with the standardized baselines established to meet the "real" criterion described earlier.

3. Quantifiable Reductions

Although transportation control measures (TCM) involve some degree of variance and uncertainty, creditable actions can be quantified through use of assumptions that are based either on case studies or on transportation supply and demand theories. Each assumption that is used to assign effectiveness or efficiency should be matched with either a case study, or on some measurable parameter. Basic "intuition," especially for indirect actions such as general education, "goodwill," or other "good faith efforts," is not sufficient. Quantifiability is the main criterion used to determine the extent of any credit discounting. Those actions which are more easily quantified, with strong assumptions, would have limited discounting applied, while the more "intuitive" actions would need to be discounted to a much greater extent.

4. Enforceable

In addition, each proposed program should include a recordkeeping mechanism for compliance verification, as outlined in Chapter IV. The enforceability component requires that all records, sufficient to demonstrate compliance, be maintained by participating companies and be made available to the AQMD upon request.

III. TRIP REDUCTION STRATEGIES

(R2202, subdivision (g))

Rule 2202 offers employers the opportunity to obtain VTECs from the implementation of the following optional trip reduction strategies. These VTECs, obtained through peak-commute trip reductions, other work-related trip reduction, VMT offsets or off-peak commute trip reductions, can be applied towards meeting an employer's ERT.

A. Peak Commute Trip Reductions

Rule 2202 provides the option to obtain credit for reducing employee commute trips. Specifically, employers can reduce trips to work that occur for the purpose of reporting to work during the morning peak congestion period (or "Peak Window") by creating incentives for ridesharing and other alternative transportation modes. VTECs shall be calculated using the formula in Figure III-1.

$$\text{VTEC} = \left[\begin{array}{c} \text{Creditable Commute Vehicle} \\ \text{Reductions (CCVR)} \end{array} \right] \times \left[\begin{array}{c} \text{Emission Factor (EF)} \\ \text{lbs/year} \end{array} \right]$$

Where

CCVR = The daily average of total commute vehicle reductions that are real, enforceable, surplus, and quantifiable.

EF = Emission Factor (Table V-4)

Figure III-1. Vehicle Trip Emission Credit Generation for Work-Related Trip Reduction Programs

In calculating VTEC, employers may utilize data obtained by an alternative methodology approved in writing by the Executive Officer or designee.

B. Other Work-Related Trip Reductions

Employers may receive additional VTECs from employee commute reductions from peak and non-peak commutes or from non-commute vehicle usage. VTECs from Other Work-Related Trip Reductions can be calculated using the formula in Figure III-2. The conversion factor is used to convert vehicle trip reductions to commute vehicles reductions and accounts for the return trip home, and includes an additional adjustment to account for other vehicle usage reduction during and outside the peak window.

Other sources of VTEC may also be calculated, on a voluntary basis, from non-regulated worksites, non-employee such as independent contractors, or employees of other entities at the worksite that participate in the employer's trip reduction program. Additional VTEC may also be determined from reduced staffing that would reduce commute trips not as a result of any rideshare program. Reduced staffing may occur from events such as school recesses/breaks, inventory, or temporary facility closures.

The use of VTEC is subject to approval by the Executive Officer.

$$\text{VTEC} = \left[\frac{\text{Creditable Trip Reductions (CTR)}}{\text{CF}} \right] \times \left[\frac{\text{Emission Factor (EF)}}{\text{lbs/year}} \right]$$

Where

CTR = The daily average of total one-way trip reductions that are real, enforceable, surplus, and quantifiable. A round trip is considered to be two one-way trips.

CF = 2.0 for A.M. Peak Window
2.3 for Other Trips

EF = Emission Factor (Table V-4)

Figure III-2. Vehicle Trip Emissions Credit Generation for Peak-Commute and Other Work Related Trip Reduction Programs

C. Vehicle Miles Traveled (VMT) Programs

Employers may elect to implement VMT reduction programs and receive VTECs toward their ERT. Reduction of annual employee commute VMT that may result from employment center relocation, video-conference centers, telecommuting centers or other alternative programs approved by the Executive Officer or designee. The Executive Officer shall not approve any VTEC program for VMT reduction unless it includes baseline VMT estimates and demonstrates that VMT reductions result in real, enforceable, quantifiable, and surplus emission reductions.

D. Parking Cash-Out Program

Employers may elect to implement a Parking Cash-Out Program to reduce employee commutes and receive VTEC toward meeting their ERT. Parking Cash-Out is a program where an employer offers to provide a cash allowance to an employee equivalent to the parking subsidy that the employer would otherwise pay to provide the employee with a parking space. VTEC calculation formula for this program is the same as the one used for Other Work-Related Trip Reductions.

E. Employee Commute Reduction Programs

Details of this exemption are provided elsewhere in a companion guidance document titled "Employee Commute Reduction Program Guidelines."

IV. PROGRAM ADMINISTRATION

A. Registration

Employers participating in the Rule 2202 On-Road Motor Vehicle Mitigation Options emissions reduction program are required to notify the AQMD which option or options are selected through registration. Employer registration serves the purpose of both notifying the AQMD of the intent to implement options provided in the program, and also serves to identify the goals of the chosen options, including any demonstrations required. Registration shall be renewed annually.

Employers with 250 or more employees upon becoming subject to Rule 2202 shall notify the AQMD in writing within 30 days. Once the employer has notified the AQMD, within 90 days, the employer must submit a Rule 2202 registration with appropriate filing fees.

An employer's registration and the conditions under which it was approved shall remain in effect until the next approval date. Employers will not be held liable for any emission reduction shortfalls incurred due to changes in emission factors or the guidelines during those years in which the factors are updated after the registration is approved or pre-approved. Employers shall have up to 180 days from the date of receipt of their registration pre-approval letter to surrender the required emission reduction credits to meet the worksite emission reduction target. However, the use of this provision does not change the compliance period.

B. Registration Form

Employers must identify which options will be used to attain their ERT. The registration form must include information which identifies the company and the worksites affected by the emissions reduction program, including the number of employees reporting to the worksite during the morning peak congestion period and the total employee count at the worksite.

C. VTEC Calculations

Employers claiming VTECs from the implementation of the optional Vehicle Trip Reduction strategy shall include as a part of their registration all VTEC calculations. All supporting documents shall be maintained on site for three years. Emission factors (i.e., pounds of pollutant per vehicle-year) to be used in the calculations are provided in this document.

D. Air Quality Investment Program

AQMD's Executive Officer will determine the amount of emission reductions for air quality investment programs when proposals are submitted for approval. Individual employers seeking this safe harbor alternative are not responsible for demonstrating

emissions reduction equivalency; they are only responsible for keeping records of employment, and of "in-lieu fee" submittal.

E. Recordkeeping

The enforceability component of the On-Road Motor Vehicle Mitigation Options program requires that all records, sufficient to demonstrate compliance, be maintained by participating companies for a period of no less than three years and made available to the AQMD upon request in order to determine compliance. Specifically, participating companies should maintain, at a minimum, a copy of the following records at all worksites:

- Registration form,
- VTEC data and calculations, and
- List of program strategies or elements used for implementation.

F. Compliance

Compliance with an alternative emission reduction program will be determined through an employer review process conducted by the AQMD. Compliance requirements for the "Employee Commute Reduction Program" exemption are included in the ECRP Guidelines.

Examples of violations of Rule 2202 would include: failure to maintain records; fabrication of records; or failure to obtain the amount of VTECs or emissions reductions identified as part of the company's registration submittal. In addition, failure to submit air quality investment "in-lieu" fees would be constituted as a violation of Rule 2202 for employers selecting this option.

G. Special Procedures

1. Extensions

Any employer may request an extension to the registration due date under the following circumstances:

- If an employer needs more time to submit a registration to meet the requirements of Rule 2202, additional time may be requested from the AQMD. The request must be in writing, state the reason for the extension request, the length of time needed, and include the appropriate filing fee.
- All extension requests and fees must be received by the AQMD, no later than 15 calendar days prior to the program due date;
- Requests are considered on a case-by-case basis and are granted for reasons that are beyond the control of the employer;
- An employer may request an extension to the registration due date after the registration has been disapproved for the first time. The request must be received

- within 15 days of the receipt of the registration disapproval. The AQMD will inform the employer in writing within 15 calendar days of receipt of request, whether the extension has been granted;
- An employer may, upon receipt of a written objection to the terms of the proposed registration by an employee, employee representative or employee organization, request a single extension of 30 days. A copy of the written objection should be attached to the request. One such request shall be granted by the AQMD; no subsequent extension may be granted for this purpose; and
 - Any change in the permanent due date that results in additional time to submit a registration will be considered an extension of time and shall be subject to an extension filing fee.

2. Change of Ownership

In the case of ownership mergers, or change of ownership, the new owner must notify AQMD of this change within 30 days of the new ownership. The new owner must comply with all provisions of Rule 2202 and Guidelines within 90 days of the change of ownership. The new owner(s) may choose to submit a letter, instead of a new registration, which states they will continue to implement the registration or program last approved by the AQMD.

3. Relocation

Any employer relocating to a new worksite must notify the AQMD within 30 days of the relocation. Relocations fall into two categories and are explained below:

- Employers relocating within two miles of the previous worksite address may elect to continue to implement the most recently approved registration. Or, the company may elect to submit a new registration or program. The employer must inform AQMD of the preference in the notification of relocation letter.
- Employers relocating more than two miles from the previous worksite are required to submit a new registration. The employer must submit the new registration or program within 90 days of the relocation.

4. Registration Disapproval Appeals

The AQMD has 90 days to review the resubmitted registration. If the employer believes that the program meets the requirements of Rule 2202 and the Guidelines, and that the registration was improperly disapproved, the employer may appeal the disapproval to the AQMD Hearing Board. A petition for appeal of disapproval must be made within 30 calendar days after the employer receives the notice of disapproval.

5. Delay Registration Review Requests

If an employer, employee, employee representative or employee organization requests a delay in action of registration review, the request must be in writing to the AQMD within

10 days of registration submittal and cannot delay the period of time to exceed the 90th day after submittal.

6. *Police, Sheriff, and Federal Field Agents*

Police, Sheriff, and Federal Field Agents shall be included in the employee count for rule applicability but are not required to be included in the number of employees in the peak window and may be excluded from ridership surveys. Surveying only part of this group is not acceptable.

Federal Field Agents are employees who are employed by any federal agency whose main responsibility is national security and performs field enforcement and/or investigative functions. Examples of Federal Field Agents include, but are not limited to, field employees of Federal Bureau of Investigation (FBI), Customs and Border Protection or US Coast Guard.

H. Emission Factors Updates

The emission factors found in Tables V-1, V-2, V-3, and V-4 will be revised upon EPA's final approval for use of the California Air Resources Board (CARB) approved on-road mobile source emission factor (EMFAC) model in accordance with subdivision (n) of the Rule.

I. Emission Credit Transfers

RTCs that have been transferred into the RECLAIM program or emission credits designated for use in the Rule 2202 program shall not be transferred out of the designated program. Transfer of emission credits shall be subject to the applicable Regulation III transfer fee. This fee is not required if the buyer/transferee is a Rule 2202 regulated worksite and the emission credits are intended to be used for Rule 2202 compliance within the credit submittal cycle. The credit submittal cycle is within the 180 days from the date of receipt of a registration pre-approval letter for which employers must surrender the required emission credits.

Transfers outside of the credit submittal cycle of the buyer/transferee, between employers, non-Rule 2202 accounts, or undesignated Rule 2202 accounts shall be subject to a transfer fee. One transaction request shall count as one transfer for fee purposes. The transfer fee is intended to cover administrative costs in processing the request and to ensure the account balance is properly tracked. No additional cost is assessed when credits are transferred during the credit submittal cycle, because the annual registration fee has already accounted for such activities.

V. EMISSION FACTORS

(R2202, subdivisions (e), (g) and (n))

Emission Reduction Target (ERT) is the annual VOC, NO_x, and CO emissions required to be reduced by each worksite based on the number of employees reporting to work during the peak window and the appropriate Performance Zone in accordance with Rule 2202. The ERT for each pollutant, for each worksite may be calculated by using the following appropriate emission factors based on CARB approved EMFAC 2007 emission inventory model, version 2.3 - 01 November 2006.

A. Employee Emission Reduction Factors

Table V-1: Performance Zone-1*
(pounds per year per employee)

| Emission Year | VOC | NO _x | CO |
|---------------|------|-----------------|-------|
| 2008 | 2.35 | 2.85 | 28.67 |
| 2009 | 2.12 | 2.57 | 26.06 |
| 2010 | 1.90 | 2.33 | 23.67 |
| 2011 | 1.74 | 2.12 | 21.80 |
| 2012 | 1.59 | 1.93 | 19.99 |
| 2013 | 1.46 | 1.75 | 18.34 |
| 2014 | 1.36 | 1.60 | 16.93 |

Table V-2: Performance Zone-2*
(pounds per year per employee)

| Emission Year | VOC | NO _x | CO |
|---------------|------|-----------------|-------|
| 2008 | 1.83 | 2.22 | 22.30 |
| 2009 | 1.65 | 2.00 | 20.27 |
| 2010 | 1.48 | 1.81 | 18.41 |
| 2011 | 1.35 | 1.65 | 16.95 |
| 2012 | 1.24 | 1.50 | 15.55 |
| 2013 | 1.14 | 1.36 | 14.27 |
| 2014 | 1.05 | 1.25 | 13.17 |

Table V-3: Performance Zone-3*
(pounds per year per employee)

| Emission Year | VOC | NO_x | CO |
|----------------------|------------|-----------------------|-----------|
| 2008 | 1.26 | 1.54 | 15.44 |
| 2009 | 1.14 | 1.39 | 14.03 |
| 2010 | 1.02 | 1.25 | 12.75 |
| 2011 | 0.94 | 1.14 | 11.74 |
| 2012 | 0.86 | 1.04 | 10.76 |
| 2013 | 0.79 | 0.94 | 9.88 |
| 2014 | 0.73 | 0.86 | 9.12 |

The emission factor shown in Tables V-1, V-2 and V-3 may be modified to site specific emission factors reflecting vehicle age and trip length characteristics of the employee vehicle fleet.

B. Annual Emission Factors

Table V-4: Annual Emission Factors*
(lbs per year per daily commute vehicle)

| Emission Year | VOC | NO_x | CO |
|----------------------|------------|-----------------------|-----------|
| 2008 | 5.48 | 6.65 | 66.89 |
| 2009 | 4.94 | 6.01 | 60.82 |
| 2010 | 4.44 | 5.43 | 55.23 |
| 2011 | 4.06 | 4.94 | 50.86 |
| 2012 | 3.72 | 4.50 | 46.65 |
| 2013 | 3.42 | 4.09 | 42.80 |
| 2014 | 3.16 | 3.74 | 39.51 |

In calculating VTECs for Commute Trip Reductions, employers may also utilize data obtained by one of the following methods:

- Default data based on the weighted average of the average vehicle ridership survey data of the previous three years;
- Data obtained by conducting an average vehicle ridership survey in accordance with Rule 2202 - Employee Commute Reduction Program Guidelines;
- Data based on the default average vehicle ridership of 1.10; or
- Data obtained by an alternative methodology, which may include documentation of the CCVR claimed, approved by the Executive Officer or designee.

*Rule 2202 (n) Emission Factors requires the revision of emission factors upon EPA's final approval for use of the ARB's EMFAC model. This revision is effective July 1, 2008.

VI. GLOSSARY

1. ANNUAL REGISTRATION means an annual form submitted by an employer to the AQMD per paragraph (j)(1) of the Rule.
2. AREA SOURCE CREDITS (ASCs) are emission reduction credits, issued pursuant to Regulation XXV - Intercredit Trading.
3. AVR DATA COLLECTION METHOD is a method for gathering employee commute mode data needed to calculate an employer's average vehicle ridership.
4. COMPRESSED WORK WEEK (CWW) applies to employees who as an alternative to completing basic work requirement in five eight-hour workdays in one week, or 10 eight-hour workdays in two weeks, are scheduled in a manner which reduces vehicle trips to the worksite. The recognized compressed work week schedules for this Rule are, but not limited to, 36 hours in three days (3/36), 40 hours in four days (4/40), or 80 hours in nine days (9/80).
5. DISABLED EMPLOYEE means an individual with a physical impairment which prevents the employee from traveling to the worksite by means other than a single-occupant vehicle.
6. EMISSION REDUCTION CREDITS (ERCs) are emission reduction credits, issued pursuant to Regulation XIII - New Source Review.
7. EMPLOYEE COMMUTE REDUCTION PROGRAM means an annual program under the Employee Commute Reduction Program option, submitted to the AQMD, in accordance with the companion guidelines.
8. EMPLOYEE is any person employed by a person(s), firm, business, educational institution, non-profit agency, or corporation, government or other entity. The term excludes seasonal employees; temporary employees; volunteers; field personnel; field construction workers; and independent contractors.
9. FEDERAL FIELD AGENT means any employee who is employed by any federal entity whose main responsibility is National Security and performs field enforcement and/or investigative functions. This does not include employees in non-field or non-investigative functions.
10. FIELD CONSTRUCTION WORKER means an employee who reports directly to work at a construction site.
11. FIELD PERSONNEL means employees who spend 20% or less of their work time, per week, at the worksite and who do not report to the worksite during the peak period for pick-up and dispatch of an employer-provided vehicle.
12. HOLIDAYS are those days designated as National and State Holidays that shall not be included in the survey period.
13. INDEPENDENT CONTRACTOR means an individual who enters into a direct written contract or agreement with an employer to perform certain services and is not on the employer's payroll.

14. **INTER-POLLUTANT CREDITING** means the use of emission reduction credits of one type of pollutant that may be used in lieu of another type of pollutant.
15. **LOW-INCOME EMPLOYEE** means an individual whose salary is equal to, or less than, the current individual income level set in the California Code of Regulations, Title 25, Section 6932, as lower income for the county in which the employer is based. Higher income employees may be considered to be "low-income" if the employees demonstrate that the program strategy would create a substantial economic burden.
16. **MOBILE SOURCE EMISSION REDUCTION CREDITS (MSERCs)** are emission reduction credits issued pursuant to Regulation XVI - Mobile Source Offset Programs.
17. **PART-TIME EMPLOYEE** means any employee who reports to a worksite on a part-time basis fewer than 32 hours per week, but more than four hours per week. These employees shall be included in the employee count for purposes of Rule applicability; and for emission reduction calculations of the employer provided the employees report to the worksite during the Peak Commute Window.
18. **PEAK COMMUTE WINDOW** is the period of time, Monday through Friday between the hours of 6:00 a.m. and 10:00 a.m.
19. **PERFORMANCE ZONE** for each worksite is determined by its geographic location within the geographic boundaries as described in Attachment I of Rule 2202.
20. **POLICE/SHERIFF** means any employee who is certified as a law enforcement officer and is employed by any state, county or city entity. Such employees are only police officers and sheriffs who perform field enforcement and/or any investigative functions. This would not include employees in non-field or non-investigative functions.
21. **SEASONAL EMPLOYEE** means a person who is employed for less than a continuous 90-day period or an agricultural employee who is employed for up to a continuous 16-week period.
22. **SHORT TERM EMISSION REDUCTION CREDITS (STERCs)** are short term emission reduction credits, issued pursuant to Regulation XIII - New Source Review.
23. **STUDENT WORKERS** are students who are enrolled and gainfully employed (on the payroll) by an educational institution. Student workers who work more than four hours per week are counted for Rule applicability and if they report to work during the 6:00 a.m. - 10:00 a.m. window are counted for emission reduction calculations.
24. **TELECOMMUTING** means working at home, off-site, or at a telecommuting center, for a full workday that eliminates the trip to work or reduces travel distance by more than 50%.

25. **TEMPORARY EMPLOYEE** means any person employed by an employment service or agency that reports to a worksite other than the employment agency's worksite, under a contractual arrangement with a temporary employer. Temporary employees are only counted as employees of the temporary agency for purposes of Rule applicability.
26. **TRANSPORTATION MANAGEMENT ASSOCIATION OR TRANSPORTATION MANAGEMENT ORGANIZATION (TMA/TMO)** means a private/non-profit association that has a financial dues structure joined together in a legal agreement for the purpose of achieving mobility and air quality goals and objectives within a designated area.
27. **VOLUNTEER** means any person(s) at a worksite who, of their own free will, provides goods or services, without any financial gain.
28. **WORKSITE EMPLOYEE THRESHOLD** means 250 employees employed at a single worksite for the prior consecutive six-month period calculated as a monthly average and 33 or more employees scheduled to report to work during the Peak Commute Window any one day during the prior consecutive 90 days.

Attachment 1:
Rule 2202 Quantification Protocol for Marine Vessel Projects
(approved by the SCAQMD Mobile Source Committee on November 21, 2008)

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

FINAL

**RULE 2202 EMISSION REDUCTION QUANTIFICATION PROTOCOL
FOR NEW MARINE VESSEL PROJECTS**

November 2008

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**RULE 2202 EMISSION REDUCTION
QUANTIFICATION PROTOCOL
FOR NEW MARINE VESSEL PROJECTS**

The purpose of this protocol is to establish procedures for evaluating, approving and monitoring marine vessel projects submitted under the Rule 2202 Air Quality Investment Program (AQIP) or pursuant to Rule 2202(f)(5). The goal of this protocol is to provide incentives to owners/operators of captive marine vessels to operate cleaner burning marine engines onboard of these vessels. Marine vessel projects may include a new purchase or the repower, retrofit or remanufacture of an existing marine engine (as defined below). This protocol will provide consistency in the evaluation, approval and monitoring of all marine vessel projects generating emission reductions for the Rule 2202 program. It will also serve as guidance to applicants, boat owners, and other companies proposing to purchase a new marine engine or repower, retrofit or remanufacture an existing marine engine onboard a captive marine vessel by identifying the monitoring, recordkeeping and reporting requirements prior to project implementation. This protocol will apply to new projects that are initiated after the approval date of this protocol.

Rule 2202(f)(5) states that an emission reduction quantification protocol shall be presented to the Mobile Source Committee for review if no applicable protocol exists. With the sunset of Rule 1631 – Pilot Credit Generation Program for Marine Vessels, there is a need for a District-approved emission reduction quantification protocol for marine vessel projects. This protocol was developed for the Rule 2202 program; however, it incorporates applicable elements of other established incentive-based programs, such as the Carl Moyer Program.

Definitions:

1. AQMD waters: The California coastal water boundary for the South Coast region, as specified in the Carl Moyer Program. This area is identified in Attachment 1, and encompasses Catalina and San Clemente Islands.
2. Captive marine vessel: A marine vessel that is operated at least 75% of the time in AQMD waters. For the purpose of this protocol, the vessel is deemed to be in operation any day that an AQMD-approved electronic- monitoring device shows that the vessel speed is greater than zero knots. In addition, a vessel is deemed to be in operation during the entire period of time it is outside AQMD waters, except for those time periods where the vessel owner/operator can demonstrate to the satisfaction of the Executive Officer that the vessel is inoperable because of maintenance or repair outside AQMD waters.

3. **Engine repower:** The replacement of a diesel-fueled engine onboard of an existing captive marine vessel with a new, cleaner marine engine having certified emissions that provide at least a 15 percent NO_x reduction relative to the engine being replaced.
4. **Engine remanufacture:** The replacement of marine engine components from an existing marine engine, except the original engine block, with new applicable factory certified components including, but not limited to: fuel injectors with built-in timing systems, compressors and turbochargers, blowers, intercoolers, pistons, liners, bearings, camshafts, camshaft bearings and shells, dampers, fuel pumps, and oil and fuel filters. The engine remanufacture kit must be certified by the California Air Resources Board, US. Environmental Protection Agency or International Maritime Organization (IMO), and provide at least a 15 percent NO_x reduction relative to the engine prior to remanufacture.
5. **Engine retrofit:** The installation of a diesel emission control device that is verified by the California Air Resources Board to control emissions from an existing marine engine. Retrofit projects may involve, but are not limited to, the addition of a diesel particulate filter, diesel oxidation catalyst, or selective catalytic reduction technology.
6. **Marine engine:** A compression-ignited, diesel-fueled engine used for propulsion on a captive marine vessel. For purposes of this program, a marine engine may also include a compression-ignited, diesel-fueled auxiliary engine onboard of a captive marine vessel. Outboard engines are not included in this definition. Shore power projects that reduce marine vessel auxiliary engine emissions may be considered on a case by case basis.
7. **Marine vessel:** May include harbor craft or oceangoing ships, but not recreational vessels. Harbor craft may include, but are not limited to, tug boats, fishing vessels, work boats, crew boats, ferries, Coast Guard vessels, and some military vessels. Oceangoing ships usually travel internationally and may include container ships, bulk carriers, general cargo ships, tankers, military ships, auto carriers, cruise ships and ocean-going tugboats. Oceangoing ships must qualify as captive marine vessels to be eligible.
8. **New purchase:** The purchase of a new captive marine vessel equipped with a new marine engine.

Proposal/Application Submittal Requirements:

The proposal/application shall be consistent with all applicable local, state and federal guidelines. The proposal/application submittal requirements will be contained in the applicable Rule 2202 AQIP Request for Proposal (RFP) or Rule 2202 Implementation Guidelines. The application shall include all monitoring, recordkeeping and reporting requirements and emission reduction calculation methods that are to be used for the subject vessel.

Project Criteria:

Marine vessel projects allowed under Rule 2202 must meet the minimum project requirements specified in the latest version of the Carl Moyer Program Guidelines. Such requirements include, but are not limited to, the use of low-sulfur diesel fuel in harbor craft equipped with diesel engines as of January 1, 2006, and the requirement that each marine vessel have a U.S. Coast Guard Documentation Number or International Maritime Organization (IMO) and/or Lloyd's Number.

Only captive marine vessels are eligible for funding under the Rule 2202 AQIP. To determine captivity, the following test shall be satisfied:

Captivity Test: Minimum 75% of operation in AQMD waters:

Example of Captivity Test Calculation:

Days operated in AQMD waters: 320 days
Total operating days: 365 days

$$(320/365) * 100 = 88\%$$

A marine vessel project that is privately-funded and approved under Rule 2202(f)(5) must operate at least 75% of the time in California Coastal waters to be eligible for credit generation. However, the emission reduction credits will be granted for documented activity within AQMD waters only, as verified by AQMD.

Emission Reduction Quantification:

The emission reductions shall be quantified according to the latest version of the Carl Moyer Program Guidelines. Harbor craft propulsion and auxiliary engine emission factors, load factors, and fuel consumption rate factors can be found in Tables B-18, B-19 and B-20 of the Carl Moyer Program Guidelines (Release Date: April 22, 2008). The emission factors, load factors, and other calculation parameters used will be the most

current revisions as approved by CARB to the Carl Moyer Program Guidelines. Below are examples of the calculation methodologies:

Fuel-based Method (to be used for all propulsion engine projects):

$$\text{Emission Reductions} = ((\text{EF base} - \text{EF new}) \times \text{AL} \times \text{FC}) / 454$$

Hour-based Method (to be used for all auxiliary engine projects):

Emission Reductions =

$$[(\text{EF base} \times \text{BHP base} \times \text{LF base}) - (\text{EF new} \times \text{BHP new} \times \text{LF new})] \times \text{AL} / 454$$

Where:

EF base = Baseline emission factor (g/bhp-hr)

EF new = Reduced emission factor (g/bhp-hr)

AL = Activity level (gallons/year or hours/year)

FC = Fuel Consumption Rate (bhp-hr/gal)

BHP = Rated Power (bhp)

LF = Load Factor

454 = Conversion factor from grams to pounds

In the fuel-based method, the activity level shall include the total fuel consumed by the approved engine only while in District waters. For example, if the project involves the repowering of the main engine, the activity level must include the fuel consumed by the main engine only. Depending upon the fuel tracking method, fuel adjustments may be necessary to deduct the amount of fuel consumed by the auxiliary engines, transferred to other vessels or equipment, and/or consumed by the main and auxiliary engines during travel outside District waters. The maximum fuel rate and load factors specified in the Carl Moyer Program Guidelines should be used to calculate the amount of fuel consumed by the auxiliary engine(s).

To determine the amount of fuel consumed by the marine vessel while operating outside AQMD waters, the following equation should be used:

$$(\text{Number of out-of-basin GPS data points with speed greater than zero} / \text{GPS data points logged/hr}) \times (\text{Total fuel consumed during the reporting period} / \text{Total engine hours for the reporting period})$$

If GPS data are missing, the above calculation does not apply. Backup documentation, as pre-approved by AQMD, may be used to determine the amount of fuel consumed during travel outside AQMD waters in the event GPS data are not available. If backup documentation is not available, the vessel will be deemed in operation outside AQMD waters for the period of missing GPS data.

Emission reductions are subject to verification by the AQMD, and testing may be conducted at any time by the AQMD or a contractor designated by the AQMD.

Monitoring, Recordkeeping and Reporting:

A marine vessel project approved under Rule 2202 AQIP or Rule 2202(f)(5) must achieve real, quantifiable, enforceable, and surplus emission reductions for a discrete period of time. At a minimum, the project shall comply with all project criteria specified in the most recent version of the Carl Moyer Program Guidelines. In addition, the project shall adhere to the following monitoring, recordkeeping and reporting requirements:

Monitoring:

1. A Global Positioning System (GPS) or other electronic monitoring system and methodology as approved by the AQMD shall be installed, operated and properly maintained on the marine vessel to demonstrate its qualification as a captive marine vessel. The GPS or other electronic monitoring unit shall meet the minimum specifications established by CARB for the Carl Moyer Program (e.g., Carl Moyer Program Advisory 06-001).
2. Emission reductions will be verified and credits will be issued only for vessel operation in AQMD waters that is substantiated with GPS/electronic monitoring system data or backup documentation as pre-approved by the AQMD if GPS data are not available. The GPS or electronic monitoring system access codes and all connecting devices and software necessary for access shall be provided to the AQMD.
3. Backup documentation may be used if pre-approved by the Executive Officer or Executive Officer designee to demonstrate vessel activity during times of missing GPS data.. Backup documentation may include one or more of the following: 1) daily operating logs, including the date, time, and vessel locations for each trip taken during the day, 2) hour meter readings from the start and end of each day, or 3) if available, other documentation, such as ticket sales, Marine Exchange reports, California Dept. of Fish & Game records, or Coast Guard records, verifying that all vessel trips have been noted on the daily operating logs. Samples of the backup documentation must be submitted to AQMD at the time of application, and pre-approved by AQMD prior to project implementation.
4. A non-resettable (totalizing) hour meter shall be installed on each engine (propulsion and auxiliary), and the engine hours shall be recorded in a monthly log. Notwithstanding, if the vessel leaves AQMD waters, the totalizing meter reading may be entered for each engine once the vessel leaves AQMD waters and upon the vessel's return. This information is not required, but it can be used by

the applicant as backup documentation to determine the amount of fuel consumed outside AQMD waters. If this procedure is not followed, the vessel will be considered operating outside AQMD waters for the entire period from the first missing GPS data point until the next GPS data point is recorded. The AQMD may approve an alternative system to monitor engine operation on a case-by-case basis, provided the alternative system can produce equivalent data.

5. Should the hour meter require repair and/or replacement, a maintenance record shall be prepared and submitted to the AQMD with the activity level data report. The maintenance record shall include: the date of the repair and/or replacement, type of repair and/or replacement, meter reading at time of repair and/or replacement, and date of completion with the new meter reading. During times of meter maintenance, a hand-written log shall be maintained documenting the activity of the marine vessel on a daily basis, and shall include the date, time and estimated hours of operation for each engine. The amount of time to repair and/or replace the hour meter shall not exceed thirty working days. Failure to repair and/or replace the hour meter within thirty working days shall result in loss of emission reductions generated for the time period exceeding the thirty days.

Recordkeeping:

Contractor or Rule 2202(f)(5) applicant shall ensure that the following records are maintained:

- Fuel receipts/logs for all fuel added, including the vessel name, date, the amount of fuel added, and fueling location;
- Receipt/log for any fuel transferred to other vessels or equipment;
- Monthly log of engine hours for propulsion and auxiliary engines (auxiliary engine hours not required for propulsion engine projects equipped with Detroit Diesel Electronic Controls (DDEC) or equivalent continuous fuel monitoring system);
- A log of engine hours for propulsion and auxiliary engines for travel outside AQMD waters (not required, unless used by the applicant as backup documentation to demonstrate the amount of fuel used outside AQMD waters);
- Monthly or quarterly log of total fuel consumption (not trip fuel) from a dedicated monitoring device such as a Detroit Diesel Electronic Controls (DDEC) system, if engine is equipped with such a system;
- Emission reduction credits claimed, and the calculations demonstrating how the emission reductions were determined, and any data not already included in the proposal/application that is used to calculate the emission reductions;
- Records of any maintenance or repairs performed, including for those days the vessel was dry docked, the vessel location, date the vessel was removed from and returned to the water, and repair order, repair receipt or other

- documentation specifying the date(s) of service and type of maintenance/repair performed (this information is needed to document times when the vessel is not operated and for the captivity and credit determination); and
- All GPS data or other electronic monitoring data as required by AQMD shall be downloaded at least every six months from the AQMD-approved monitoring system. The data shall be recorded on a non-rewritable, non-volatile storage media, such as a CD. The original copy shall be maintained during the project life and at least three years after the termination of the contract.

The above records shall be made available to AQMD upon request for purposes of inspection and verification. Review of the above records and operations shall be made by AQMD at its discretion. Failure to produce all requested records to the AQMD within 10 business days of the request may result in loss of emission reduction credits for the time period following the request. Records shall be maintained by the project proponent during the project life and for 3 years after the termination of the contract.

Reporting:

Contractors or Rule 2202(f)(5) applicants shall submit progress reports to the AQMD every three months following contract execution or plan approval until project implementation, and then activity level data reports annually thereafter for the life of the project (applicants generating credits pursuant to Rule 2202(f)(5) may submit semi-annual activity level data and credit issuance requests in lieu of annual reporting if requested and approved by AQMD at the time of application approval). Each activity level data report shall be submitted within 60 days after the end of the reporting period to insure credit issuance is closely tied to vessel activity and the ability for AQMD staff to inspect/verify current records of activity. A time extension not exceeding 30 days may be allowed to supplement the activity data report with new information that that was not available during the 60 day period. If the report is not timely submitted, the AQMD will not approve the emission reductions for the reporting period.

The AQMD shall notify the applicant within 60 calendar days of receipt of a credit request and activity level data report as to whether or not the request contains sufficient information to be deemed complete. Upon receipt of any resubmittal or additional information after the request has been deemed incomplete, a new 30-day period shall begin. Within 90 days of submittal of a complete request, AQMD will either approve or disapprove the issuance of credits for the reporting period.

Each activity level data report shall, at a minimum, include:

- A brief description and location of operations, only if this information has changed since the original application;
- Gallons of fuel consumed by the propulsion engines and auxiliary engines (auxiliary engine data not required for propulsion engine projects equipped with DDEC or equivalent continuous fuel monitoring system);
- Dates that the report covers;
- Actual emission reductions, as calculated by the AQMD approved method;
- A brief description of any maintenance or repairs performed;
- Totalizing reading of engine hours for both the propulsion engines and auxiliary engines (auxiliary engine hours not required for propulsion engine projects equipped with DDEC or equivalent continuous fuel monitoring system);
- For travel outside AQMD waters:
 - Date the vessel left and returned to AQMD waters; and
 - Receipts or logs for all fuel added or transferred out of the vessel during the trip.
 - For marine vessel projects funded under Rule 2202 AQIP:
 - Port of Call or destination where any maintenance or repair was performed;
 - Invoice or receipt documenting date(s) and type of any maintenance or repair performed; and
 - Totalizing reading of engine hours (propulsion and auxiliary) upon leaving and returning (not required, unless used by applicant as backup documentation in the event of a GPS malfunction).
- All assumptions, calculations and factors used to determine the activity level and derive the actual emission reductions that are not already included in the proposal/application;
- GPS data or other electronic monitoring data as required by AQMD in a format that is acceptable to the AQMD; and
- If applicable, date(s) the vessel was dry docked and a brief description of the service(s) performed.

Other Conditions:

1. Emission reductions from the project approved under Rule 2202 AQIP or Rule 2202(f)(5) must not be required by any federal, state or local regulation, memorandum of agreement/understanding with a regulatory agency, settlement agreement, mitigation requirement, or other legal mandate.

2. The emission reductions will be credited for the term specified in the Rule 2202 AQIP contract or the project life specified in the Rule 2202(f)(5) application approved by the AQMD.
3. The project life shall be no more than the applicable maximum project life specified in the most recent applicable Carl Moyer Program Guidelines. The project life may be shortened by the District to that period ending on the day upon which the emission reductions are no longer surplus or the project is found to be inconsistent with any federal, state or local regulation, or District Board approved guidelines.
4. Any additional emission reductions that are achieved by the project beyond the term of the contract or plan approval will be retired for the benefit of the environment.
5. Emission reductions shall be based on actual fuel usage and operation in AQMD waters.
6. The same fuel usage reported for the NO_x emission reduction quantification shall be used as the activity level for issuing credits for VOC and CO, if any.
7. Emission reductions achieved under the contract or plan shall not be produced in whole or in part by projects funded from any public air quality-related funding program, including, but not limited to: the Carl Moyer Program or AB2766.
8. The engines being replaced shall be destroyed and rendered useless, as specified in the latest Carl Moyer Program Guidelines. Documentation shall be provided to AQMD to verify engine destruction.
9. Emission reductions achieved under the contract or plan shall be from the actual operation of the vessel under standard operating conditions.
10. If contractor or other parties involved in the project fail to adequately maintain records/logs, no emission reductions will be approved for any period in which the records/logs were not maintained.
11. All projects shall be inspected by AQMD prior to and following project implementation, except a pre-inspection is not required for public agencies as specified by the Carl Moyer Program Guidelines. Contractor or Rule 2202(f)(5) applicant shall guarantee AQMD access to marine vessels for auditing and/or inspection purposes. Invoices will not be paid by the AQMD until a post-inspection of the project has been completed by the AQMD to verify the project

was implemented as approved. This provision shall be included in the contracts and/or agreements between contractor and all other parties involved in this project.

12. The vessel owner/operator shall perform engine maintenance and service on remanufactured engines according to the original equipment manufacturer's schedule of recommend engine maintenance and service
13. Third party applications are not allowed under the Rule 2202AQIP. The owner of the engine or equipment must sign and agree to the application. A third party may complete an application or part of an application on an owner's behalf. In such cases, the application must also include a signature section for the third party. The third party signature section must include signature and date, and the third party must specify how much they are being compensated, if any, to complete the application and what source of funds are being used to pay for them. The owner must be provided with a copy of the application. The application must include a copy of the contract and/or agreement between the third party and owner.
14. Any person submitting an application who falsifies information in the application or fails to implement any provision of the application, shall be subject to penalties specified at law, including, without limitations, those in the Health & Safety Code. The AQMD may also take one or more of the following actions: 1) disapprove the application and void all previously issued credits, and/or 2) designate the applicant to be ineligible to generate credits pursuant to this program or any other District program or State program administered by the District.
15. To the extent that conflicting provisions are contained in contracts implementing vessel emission reduction credit programs, the provisions of the contract, and not of these Guidelines, are controlling.

Attachment 1

Map of AQMD Waters

