

**RULE 2501. AIR QUALITY INVESTMENT PROGRAM**

(a) Purpose

The purpose of this rule is to create a reserve of real, quantifiable, enforceable, permanent (for the duration of the emission reduction activity), and surplus emission reductions that can be used to provide a voluntary alternative compliance option to sources subject to specific District rules, listed in subdivision (b). The Air Quality Investment Program will produce equivalent or greater emission reductions of VOC, NO<sub>x</sub>, SO<sub>x</sub>, CO, or PM<sub>10</sub> in the South Coast Air Basin and advance air pollution control technologies to achieve the Basin's clean air goals identified in the District's AQMP.

(b) Applicability

(1) This rule provides a voluntary alternative to compliance with the following District rules and regulations.

(A) Rule 2202 - On-Road Motor Vehicle Mitigation Options;

(B) Selected Regulation IV Rules as specified in paragraph (c)(12); or

(C) Regulation XI - Source Specific Rules.

(2) Notwithstanding paragraph (b)(1) this rule shall not be used for netting as a means of avoiding or as an alternative to compliance with the requirements of Regulation XIII - New Source Review or apply as an alternative to compliance with a regulation or requirement under the Clean Air Act Section 111, Standards of Performance for New Stationary Sources, and Section 112, Hazardous Air Pollutants, Regulation XX - Regional Clean Air Incentives Market, Best Available Control Measures for PM<sub>10</sub> (Rule 1186 - PM<sub>10</sub> Emissions From Paved and Unpaved Roads and Livestock Operations), Rule 1111 - NO<sub>x</sub> Emissions From Natural-Gas-Fired, Fan-Type Central Furnaces, Rule 1121 - Control of Nitrogen Oxides from Residential-Type Natural Gas Fired Water Heaters, Rule 1174 - Control of Volatile Organic Compound Emissions from the Ignition of Barbecue Charcoal, Rule 1183 - Outer Continental Shelf (OCS) Air Regulations, any portion of Regulation IV or XI rule requirements not associated with an Emission Limitation, and any applicable state or federal regulation unless that regulation or other federal policies specifically allows for emissions trading of the type set forth in this rule to meet its requirements.

(c) Definitions

- (1) AIR QUALITY INVESTMENT PROGRAM (AQIP) is a voluntary emission reduction compliance option, in which moneys are paid by an AQIP Clean Air Investor to the District for use to fund stationary and mobile source emission reduction strategies that will achieve emission reductions that are equivalent to or greater than those required under the specific Regulation IV, XI or Rule 2202 provision(s) applicable to the Investor's operations.
- (2) AQIP CLEAN AIR INVESTOR means an owner or operator of a source of air emissions, or interested party who pays an Investment Fee, pursuant to subdivision (e), for a specified amount of emission reductions.
- (3) AQIP EMISSION REDUCTION PROVIDER means any interested party that submits a control strategy proposal that will provide emission reductions or air quality benefit pursuant to subdivision (d).
- (4) AQIP EMISSION REDUCTION RESERVE is real, quantifiable, enforceable, permanent (for the duration of the emission reduction activity), and surplus emission reductions that have been generated, verified, and designated for use in the AQIP with an effective use date indicating when emission reductions can be used in the AQIP and an expiration date in accordance with applicable Emissions Quantification Protocols or District rules. Upon and after the expiration date, emission reductions shall be designated to the Environmental Benefit Account.
- (5) CATEGORY I CONTROL STRATEGY PROPOSALS are control strategy proposals submitted by AQIP Emission Reduction Providers that will achieve emission reductions within 36 months or less from the date the proposal is selected for implementation and that are real, quantifiable, enforceable, permanent (for the duration of the emission reduction activity), and surplus as determined pursuant to Emissions Quantification Protocols which are applicable to the source category and emission reduction method.
- (6) CATEGORY II CONTROL STRATEGY PROPOSALS are control strategy proposals submitted by AQIP Emission Reduction Providers that will achieve Surplus Emission Reductions or provide an air quality benefit:
  - (A) within 36 months or less from the date the proposal is selected for implementation and where there is not an Emissions Quantification

- Protocol applicable to the source category and emission reduction method; or
- (B) within 36 to 60 months or less from the date the proposal is selected for implementation and whether there is or is not an Emissions Quantification Protocol applicable to the source category and emission reduction method.
- (7) EMISSION LIMITATION refers to a limitation placed by the District on the volume, concentration, percent by weight, or emission rate of a pollutant. For the purposes of this rule, emission limitation does not include a limitation on mass emissions.
- (8) EMISSIONS QUANTIFICATION PROTOCOL means an emissions quantification methodology that accurately and enforceably quantifies emissions for a specific source category for purposes of the AQIP that is included in a District rule or regulation, including but not limited to Regulation XVI and Rule 2506 and the source category meets the eligibility and applicability requirements of the District rule or regulation. The District rule or regulation must meet the criteria specified in Section B1 of Appendix B, "Criteria for Emissions Quantification Protocols."
- (9) ENVIRONMENTAL BENEFIT ACCOUNT is a pool of real, quantifiable, permanent, enforceable, and surplus emission reductions that have been retired.
- (10) ENVIRONMENTAL SET ASIDE is a pool of emission reductions from the AQIP Emission Reduction Reserve that have been set aside to ensure that an amount equivalent to 10 percent of AQIP emission reductions used by Regulation IV or Regulation XI sources will be retired to benefit the environment. Upon and after the expiration date emission reductions shall be designated to the Environmental Benefit Account.
- (11) RULE 2202 EMISSION REDUCTION TARGET is the annual VOC, NO<sub>x</sub> and CO emissions required to be reduced based on the number of employees per work site and the employee emission reduction factor, determined in accordance with the provisions of Rule 2202, subdivision (e).
- (12) SELECTED REGULATION IV SOURCES means any source regulated under one or more of the Regulation IV rules listed below.
- (A) Rule 431.1 - Sulfur Content of Gaseous Fuels
- (B) Rule 431.2 - Sulfur Content in Liquid Fuels
- (C) Rule 465 - Vacuum-Producing Devices or Systems

- (D) Rule 468 - Sulfur Recovery Units
  - (E) Rule 469 - Sulfuric Acid Units
  - (F) Rule 474 - Fuel Burning Equipment Oxides of Nitrogen
  - (G) Rule 475 - Electric Power Generating Equipment
  - (H) Rule 476 - Steam Generating Equipment
- (13) SMALL BUSINESS means any business subject to the provisions of this rule which meets all of the following criteria:
- (A) number of employees is 100 or less;
  - (B) total gross annual receipts are \$2,000,000 or less;
  - (C) privately held and not publicly traded;
  - (D) not a major stationary source as defined in Regulation XXX - Title V Permits, based on subdivision (a) of Rule 3001 - Applicability; and
  - (E) if legally affiliated with another business, the combined activities meet the above requirements.
- (14) SOURCE means any permitted individual unit, piece of equipment, article, machine, process, contrivance, or combination thereof, which may emit or control an air contaminant. This includes any permit unit at any non-RECLAIM facility or any permit unit that emits a non-RECLAIM pollutant, defined pursuant to Rule 2000, at a RECLAIM facility.
- (15) STARTING INVESTMENT DATE is the initial effective date when emission reductions in the AQIP will be used as identified in the approved AQIP Plan Registration.
- (16) SURPLUS EMISSION REDUCTIONS means that emission reductions achieved throughout the duration of the emission reduction activity are not required or assumed by any local, state, or federal rule, regulation, or the most recent District approved Air Quality Management Plan (AQMP) thereby ensuring that there is no double counting of emission reductions. If the control efficiency (emissions control level) for a specific source category in the most recent District approved AQMP is less stringent than that in the most recent federally approved AQMP and State Implementation Plan (SIP), then Surplus Emission Reductions are based on the federally approved SIP, unless otherwise determined by EPA.
- (17) TECHNOLOGY FEE is the annual pollutant-specific (VOC, NO<sub>x</sub>, SO<sub>x</sub>, CO, and PM<sub>10</sub>), average of the implementation costs (dollars per ton of emissions reduced) of all Certified Category I Control Strategy Proposals

that is weighted by emissions. The Technology Fee calculation methodology is set forth in Section A5 of Appendix A, "Technology Fee Calculation Methodology" and incorporated by reference herein.

(18) TOTAL REQUIRED AQIP EMISSION REDUCTIONS represents the emission reductions, by pollutant, that the AQIP shall achieve based on the total emission reductions that AQIP Investors would otherwise be required to achieve based on the District rules for which the AQIP Investors are using this compliance alternative. Total Required AQIP Emission Reductions are the amount of VOC, NO<sub>x</sub>, CO, SO<sub>x</sub>, and PM<sub>10</sub> emission reductions, in pounds, purchased by AQIP Investors as specified in their approved AQIP Plan Registrations.

(d) AQIP Emission Reduction Provider Requirements

(1) Participation

AQIP Emission Reduction Providers may submit Control Strategy Proposals to the Executive Officer, to provide emission reductions for the AQIP.

(A) The Emission Reduction Provider shall designate the proposal as either a Category I or Category II Control Strategy Proposal. Such designation shall be subject to approval by the Executive Officer based on definitions in paragraphs (c)(5) and (c)(6).

(B) The Control Strategy Proposal shall include the information specified in Section A1 of Appendix A, "Required Information for Control Strategy Proposals."

(2) Certification of Control Strategy Proposals

The Executive Officer will certify a Control Strategy Proposal, provided the Emission Reduction Provider demonstrates that the proposal meets or exceeds the "Eligibility Criteria for Certification of Control Strategy Proposals" set forth in Section A2 of Appendix A and all other applicable provisions of District rules. Upon certification, the proposal will be presented to the Governing Board for approval to be selected pursuant to paragraph (d)(3).

(3) Selection of Control Strategy Proposals

Category I and II Control Strategy Proposals will be prioritized by the Executive Officer for selection and implementation based on the "Control Strategy Proposal Selection and Implementation" set forth in Section A3 of

Appendix A. Based on the prioritization of proposals and requests for AQIP emission reductions, the Executive Officer will select for funding and implementation:

- (A) Category I Control Strategy Proposals that will achieve emission reductions equivalent to the Total Required AQIP Emission Reductions.
  - (B) Additional Category I or Category II Control Strategy Proposals if there are unallocated AQIP Investment Fees and after equivalent emission reductions are achieved pursuant to subparagraph (d)(3)(A).
- (4) Requirements to Implement Certified Control Strategy Proposals
- (A) Upon selection by the Executive Officer to implement a Certified Control Strategy Proposal pursuant to paragraph (d)(3), the AQIP Emission Reduction Provider shall, within the time period specified in the Certified Control Strategy Proposal:
    - (i) for a Category I Proposal, implement the Certified Control Strategy Proposal and comply with monitoring, recordkeeping, and reporting (MRR) requirements specified in the applicable Emissions Quantification Protocol and any additional MRR requirements as specified in the Certified Category I Control Strategy Proposal; and
    - (ii) for a Category II Proposal, implement the Certified Control Strategy Proposal and comply with performance requirements including, but not limited to specific tasks and deliverables, and MRR requirements as specified in the Certified Category II Control Strategy Proposal.
  - (B) The Executive Officer shall verify the quantity of emission reductions that have occurred from implementation of Category I and Category II Control Strategy Proposals in accordance with the applicable Emissions Quantification Protocol and shall verify records and reports specified in the Emissions Quantification Protocol and the Certified Control Strategy Proposal. Upon verification of emission reductions, the Executive Officer shall designate the amount of those emission reductions to the:
    - (i) AQIP Emission Reduction Reserve; or

- (ii) Environmental Benefit Account.
  - (C) Unless otherwise specified in the Certified Control Strategy Proposal, the Emission Reduction Provider shall submit reports to the Executive Officer at least once every 12 months, to document emission reductions or other air quality benefit achieved for the reporting period. The records shall be retained by the AQIP Emission Reduction Provider for at least three years from the date the proposal is completely implemented or terminated.
  - (D) Upon request by the Executive Officer, the AQIP Emission Reduction Provider shall submit any files or records demonstrating compliance with MRR requirements specified in the Certified Control Strategy Proposal pursuant to paragraph (d)(2).
- (5) Penalties for Emission Reduction Providers
- Failure of a Category I Emission Reduction Provider to achieve stated emission reductions within the time period specified in the Certified Control Strategy Proposal is not a violation of this rule, however, the Emission Reduction Provider shall, within 6 months or less as specified by the Executive Officer:
- (A) generate the stated amount of emission reductions at the Emission Reduction Provider's expense; or
  - (B) obtain equivalent real, quantifiable, enforceable, permanent (for the duration of the emission reduction activity), and surplus emission credits that will be retired.
- Failure of any Provider to comply with any other requirements of this rule shall constitute a violation of this rule.
- (6) Compensation to AQIP Emission Reduction Provider
- (A) Upon verification by the Executive Officer pursuant to subparagraphs (d)(4)(A) and (d)(4)(B), the District shall compensate the AQIP Emission Reduction Provider for the amount stated in the Certified Control Strategy Proposal from the Investment Fee that is collected from the AQIP Clean Air Investors.
  - (B) Upon verification by the Executive Officer pursuant to subparagraphs (d)(4)(A) and (d)(4)(B) of achieved performance requirements including, but not limited to, specific tasks and deliverables for a Category II Control Strategy Proposal selected for implementation , the District shall compensate the AQIP

Emission Reduction Provider for the amount stated in the Certified Control Strategy Proposal from the Investment Fee that is collected from the AQIP Clean Air Investors.

- (C) The Executive Officer may authorize partial compensation of the amount stated in the certified Control Strategy Proposal prior to the verification of compliance with (d)(6)(A) and (d)(6)(B) at the request of the AQIP Emission Reduction Provider:
  - (i) after taking into consideration, at a minimum, the nature of the proposal, the amount of funds requested, likelihood of achieving the emission reductions, and the use of the requested funds, provided:
  - (ii) the AQIP Emission Reduction Provider has posted a performance bond sufficient to ensure compliance with paragraph (d)(4).

(e) AQIP Clean Air Investor Requirements

(1) Participation Requirements

Effective on and after January 1, 1998, a person may participate in the AQIP as a Clean Air Investor in accordance with subparagraph (e)(1)(A) or (e)(1)(B) provided the AQIP Clean Air Investor demonstrates to the Executive Officer that emissions at Investor's facility are not subject to Risk Reduction Requirements pursuant to Rule 1402 - Control of Toxic Air Contaminants from Existing Sources, subdivision (f), or use of AQIP emission reductions will not result in a net adverse change in attainment of risk reduction requirements under Rule 1402.

- (A) In addition to the provision of paragraph (e)(1), in order to participate in the AQIP as a Clean Air Investor in lieu of compliance with an emission limitation in a selected Regulation IV or Regulation XI rule that is initially effective on or after January 1, 1998, a person must establish that emissions do not exceed a limitation in effect before January 1, 1998 and:
  - (i) use of AQIP emissions will not forgo a carcinogenic health risk reductions greater than  $1 \times 10^{-5}$  or a Hazard Index greater than 1 for all substances listed in Rule 1402, that would have occurred if the Investor were to directly comply



with the emissions limitation requirements of the Regulation IV or XI rule; and

- (ii) use of AQIP emissions does not result in NO<sub>x</sub> emissions greater than or equal to 200 pounds per day, from those portable internal combustion engines (ICEs) where AQIP emission reductions will be used, where portable ICEs are defined pursuant to paragraph (a)(5) of Rule 1110.2; or
- (iii) NO<sub>x</sub> emissions from those portable ICEs where AQIP emission reductions will be used, will not cause an exceedance of the state NO<sub>2</sub> ambient air quality standard.

(B) In addition to the provision of paragraph (e)(1), in order to participate in the AQIP as a Clean Air Investor in lieu of compliance with an emission limitation in a selected Regulation IV or Regulation XI rule that is initially effective before January 1, 1998, the Clean Air Investor must demonstrate to the Executive Officer that it meets all of the following criteria:

- (i) the cost for the Investor to achieve compliance with the emission limitation will be higher than the Best Available Control Technology (BACT) Maximum Cost-Effectiveness Criteria as specified in the District's BACT Guidelines for the subject pollutant;
- (ii) use of AQIP emissions will not cause an increased carcinogenic health risk greater than  $1 \times 10^{-5}$  or an increased Hazard Index greater than 1 for all substances listed in Rule 1402; the assessment of health risk shall be conducted in accordance with guidance used in implementing Rules 1401 - New Source Review of Carcinogenic Air Contaminants and 1402;
- (iii) use of AQIP emissions will not result in a Significant Risk Level, in accordance with Rule 1402 paragraph (d)(11), when the increased carcinogenic health risk or Hazard Index as determined pursuant to subclause (e)(1)(B)(ii) of this rule are added to the total facility risk for those facilities that were required to prepare a health risk assessment pursuant to the criteria in Rule 1402 (c);

- (iv) use of AQIP emissions will not cause a significant increase in an air quality concentration as determined using the criteria as set forth in Rule 1303, Table A-2 of Appendix A; and
  - (v) use of AQIP emissions will not result in removal of air pollution control equipment installed to comply with a District rule or regulation, or state or federal requirements.
- (C) A person may not participate in the AQIP in lieu of compliance with an emission limitation in a selected Regulation IV or Regulation XI rule unless the District has adopted a rule specifying enforceable procedures for applying AQIP emission reductions to the subject source category as set forth in Section B2 of Appendix B, "Enforceable Procedures for AQIP Clean Air Investors."
- (D) Any person subject to Rule 2202 may participate in the AQIP as a Clean Air Investor as an alternative to compliance with the person's Rule 2202 Emission Reduction Target.
- (E) The Executive Officer shall deny the AQIP Plan Registration and refund the Investment Fee to the AQIP Clean Air Investor if either:
- (i) there are insufficient or no Certified Category I Control Strategy Proposals; or
  - (ii) the AQIP Emission Reduction Reserve is less than the amount plus 10 percent of required emission reductions in the same time frame requested by the AQIP Investor.

In the event the AQIP Plan Registration is denied, Rule 2202 Investors may continue to invest in the Rule 2202 AQIP pursuant to the AQIP provisions set forth in Rule 2202 (f)(7).

- (F) The Executive Officer shall accept the AQIP Plan Registration pursuant to paragraph (e)(2) in order of receipt based on the date and time the AQIP Plan Registration is submitted.
- (G) Upon acceptance of the AQIP Plan Registration submittal pursuant to (e)(1)(F), the Executive Officer shall update the AQIP Emission Reduction Reserve to reflect the most recent amount of available emission reductions and shall designate emission reductions from the Reserve to the Environmental Set Aside in the amount

equivalent to 10 percent of the emission reductions requested as set forth under subparagraph (e)(2)(C).

(H) Effective January 1, 1998, any person may invest funds in the AQIP for the purpose of retiring emission reductions to benefit the environment.

(2) AQIP Plan Registration

(A) AQIP Clean Air Investors participating in the AQIP as an alternative to compliance with a Regulation IV or XI rule shall complete and submit an AQIP Plan Registration to the Executive Officer with the appropriate Investment Fee pursuant to paragraphs (e)(3) and (e)(4). The Plan Registration shall constitute an application for a permit revision unless operation under the Plan is covered by an alternate operating scenario as provided under Regulation XXX.

(B) The AQIP Clean Air Investor shall submit the AQIP Plan Registration and Investment Fee to the Executive Officer no less than three months and no more than eighteen months prior to the intended use of AQIP emission reductions. Notwithstanding the submittal period, the Executive Officer will approve or deny the AQIP Plan Registration within 180 days or less after the AQIP Plan Registration has been accepted by the Executive Officer as set forth in subparagraph (e)(1)(F) and contains the information required set forth in subparagraph (e)(1)(C). If the AQIP Plan Registration is denied, the Executive Officer will update the AQIP Emission Reduction Reserve and Environmental Set Aside to reflect the most recent amount of available emission reductions.

(C) The AQIP Clean Air Investor shall specify in the AQIP Plan Registration the selected Regulation IV or XI rule provision, or Rule 2202, for which the Investor proposes to use the AQIP as a compliance alternative. In addition, the Investor shall specify in the Plan Registration the information set forth in Section A4 of Appendix A, under "Required Information for AQIP Plan Registration."

(D) There are no limitations regarding the frequency that an AQIP Clean Air Investor may invest in the AQIP.

- (E) An AQIP Plan Registration shall not be transferred from one source to another, where source is defined as set forth in subparagraph (c)(13).
- (3) Investment Fee for Rule 2202 Sources  
Facilities participating in the AQIP in order to comply with Rule 2202, shall pay either an annual or triennial Investment Fee as specified in Rule 311 - Air Quality Investment Fees.
- (4) Investment Fee for Regulation IV and XI Sources  
AQIP Clean Air Investors seeking AQIP use to comply with provisions of Regulation IV and XI shall pay an annual Investment Fee according to the following formula:  
$$\text{Investment Fee} = \text{Technology Fee} + \text{Plan Fee} + \text{Premium}$$
  - (A) The Technology Fee is the fee calculated pursuant to Section A5 of Appendix A, "Technology Fee Calculation Methodology" for the most recent six-month period. The Technology Fee is the price posted as of the date and time that the AQIP Clean Air Investor submits the AQIP Plan Registration and Investment Fee to the Executive Officer.
  - (B) The Plan Fee shall be assessed in accordance with the provisions of Rule 306.
  - (C) Upon adoption of this rule, the Premium for Clean Air Investors subject to Regulation IV and XI rules participating in the AQIP shall be assessed as follows:
    - (i) An Investor other than a Small Business shall pay a Premium equivalent to 20 percent of the calculated Technology Fee.
    - (ii) An Investor that meets the definition of a Small Business, as defined in paragraph (c)(13), shall pay a Premium of 10 percent of the calculated Technology Fee.
  - (D) The Executive Officer will, if necessary, evaluate the Premium during the Program Audit in accordance with paragraph (g)(2) and if, appropriate, recommend to the District's Governing Board that the Premium be adjusted based upon the criteria in Section A7 of Appendix A - Program Audits.

- (E) The AQIP Technology Fee and Premium are non-refundable once the AQIP Plan Registration is approved pursuant to paragraph (e)(5).
  - (F) The AQIP Plan Fee is non-refundable upon acceptance of the submittal by the Executive Officer pursuant to subparagraph (e)(2)(B).
- (5) Evaluation and Approval of the AQIP Plan Registration
- An AQIP Plan Registration shall be approved by the Executive Officer provided:
- (A) the Executive Officer has received the Investment Fee pursuant to paragraphs (e)(3) or (e)(4), as applicable;
  - (B) the AQIP Plan Registration has been determined by the Executive Officer to be complete and the AQIP Plan Registration demonstrates compliance with this rule;
  - (C) the AQIP Clean Air Investor is in compliance with the requirements for participation identified in paragraph (e)(1) and all other applicable District rules, and state and federal requirements;
  - (D) the AQIP Clean Air Investor complies with regulations or requirements under the Clean Air Act Section 112, Hazardous Air Pollutants;
  - (E) information and data provided pursuant to paragraph (e)(2)(C) are correct and in accordance with any records, reports, data, or information that have been submitted to the Executive Officer, including but not limited to annual emissions fee billing reports pursuant to Rule 301, source test data, or compliance plans or reports;
  - (F) the AQIP Clean Air Investor has demonstrated compliance with all applicable requirements for public notice;
  - (G) the Executive Officer has imposed conditions including necessary monitoring, recordkeeping, and reporting requirements on the AQIP Plan Registration pursuant to the adopted District rule specifying enforceable procedures for applying AQIP emission reductions to the subject source category as set forth in Section B2 of Appendix B, "Enforceable Procedures for AQIP Clean Air Investors" as necessary to assure compliance with applicable rules; and

- (H) use of AQIP emission reductions will not require a change in any permit condition imposed on the source to comply with the requirements of Regulation XIII.
- (6) Compliance Demonstration and Verification
  - (A) An AQIP Clean Air Investor shall be deemed to have satisfied the emission limitations of the selected Regulation IV or XI rule or Rule 2202 provision as indicated in its AQIP Plan Registration, provided that the AQIP Clean Air Investor:
    - (i) obtains written notification from the Executive Officer that the AQIP Plan Registration has been approved;
    - (ii) complies with all conditions set forth in the approved AQIP Plan Registration. These conditions shall constitute an amendment to the Permit to Operate for permitted equipment and supersede any inconsistent or conflicting conditions during the investment period over which the AQIP emission reductions will be used. These conditions constitute enforceable restrictions on the operation of unpermitted equipment;
    - (iii) has purchased AQIP emission reductions that are greater than or equal to the emission reductions required under the applicable Regulation IV or XI rule for the source(s) or process(es) identified in the AQIP Registration Plan; and
    - (iv) maintains monitoring, recordkeeping, reporting and other information in a manner and form required by the applicable Regulation IV or XI rule and a rule establishing enforceable procedures for applying AQIP emission reductions to the subject source category as set forth in Section B2 of Appendix B, "Enforceable Procedures for AQIP Clean Air Investors".
  - (B) Unless otherwise specified in the approved AQIP Plan Registration, the AQIP Clean Air Investor shall, at a minimum, submit a report to the Executive Officer at 6 and 12 months from the Starting Investment Date and upon compliance with subparagraph (e)(6)(C), to document the amount of emission reductions used, transferred, sold, and remaining.

- (C) Prior to the end of the 12-month investment period, excess or unused emission reductions purchased through the AQIP may be:
  - (i) transferred to another source owned by the same person, provided the other source has an approved AQIP Registration Plan authorizing such use where the expiration date is the same as the ending date of the 12-month investment period of the original AQIP Investor; or
  - (ii) at the request of the Executive Officer, purchased with the AQIP Investment Fees at a price per pound not greater than 50 percent of the Technology Fee that the AQIP Investor paid pursuant to paragraph (e)(4) where the expiration date is the same as the ending date of the 12-month investment period of the original AQIP Investor and these purchased emission reductions shall be designated to the:
    - (I) AQIP Emission Reduction Reserve; or
    - (II) Environmental Benefit Account.
- (D) Upon the end of the 12-month investment period, excess or unused emission reductions purchased through the AQIP that are not used in accordance with subparagraph (e)(6)(C) shall expire and may not be carried forward for future compliance demonstrations.
- (E) Upon request by the Executive Officer, the AQIP Clean Air Investor shall submit any files or records which demonstrate compliance with monitoring, recordkeeping, or reporting requirements specified in the approved AQIP Plan Registration. The records shall be retained by the AQIP Clean Air Investor for at least four years (i.e. three years beyond 12 months from the Starting Investment Date) or longer, as specified in any other applicable District rule that specifies requirements to keep, maintain, or retain records.
- (7) Enforcement and Penalties for AQIP Investors
  - (A) The AQIP Clean Air Investor shall be subject to compliance, emission limitation, and MRR requirements as set forth in the applicable Regulation IV, XI or Rule 2202:
    - (i) before the Starting Investment Date;
    - (ii) upon complete use of the AQIP emission reductions identified in the approved AQIP Plan Registration or 12

months following the Starting Investment Date, whichever occurs first; or

(iii) if one or more of the provisions of subparagraph (e)(6)(A) are not satisfied. In the event the AQIP Clean Air Investor fails to comply with clause (e)(6)(A)(iii), the Clean Air Investor shall, within 6 months, as specified by the Executive Officer, obtain in the amount equivalent to the emission reduction shortfall:

(I) AQIP emission reductions at the AQIP Clean Air Investor's expense; or

(II) obtain real, quantifiable, enforceable, permanent (for the duration of the emission reduction activity), and surplus emission credits that will be retired.

(f) Consultation Committee

(1) The Executive Officer will establish a Consultation Committee to provide recommendations regarding:

(A) investment guidelines and selection of Category I and II control strategies to achieve required emission reductions;

(B) performance guidelines for contractors that are implementing the selected control strategies; and

(C) program evaluation criteria and program modifications.

(2) The Consultation Committee will consist of:

(A) four representatives from environmental and/or public health advocacy groups;

(B) one representative from local government;

(C) four business representatives, with a minimum of one small business representative (business representatives may be from individual businesses or trade organizations);

(D) one representative from the District; and

(E) one representative from the Air Resources Board.

(3) Participation of Consultation Committee representatives shall be limited to 24 consecutive months.

(g) Status Reports and Program Audits

(1) Status Reports



The Executive Officer shall submit Semi-Annual Status Reports in January and July reporting the effectiveness of the AQIP to the District's Governing Board. The Semi-Annual Status Report will provide information as set forth in Section A6 of Appendix A, "Semi-Annual Program Status Report."

(2) Program Audits

The Executive Officer shall conduct Program Audits of the implementation and effectiveness of selected control strategies which shall contain information set forth in Section A7 of Appendix A, "Program Audits." The Program Audits shall be conducted by July 1, 1998, January 1, 1999 and every 12-months thereafter.

(h) Corrective Measures

(1) The Executive Officer shall implement one or more corrective measures as set forth in paragraph (h)(2) if the Annual Audit indicates:

- (A) investment fees collected in excess of \$2,000,000 that remain unused for more than six months;
- (B) 10 percent or more of the emission reductions anticipated by implementation of Certified Category I Control Strategy Proposals are not achieved; or
- (C) the AQIP Emission Reduction Reserve is less than 20 percent of the total amount of emission reductions requested by AQIP Clean Air Investors within the same time frame.

(2) Corrective Measures include but are not limited to:

(A) Semi-Annual Program Audit

The Executive Officer will conduct semi-annual program audits to provide closer monitoring of the program until the problems are corrected. This type of Corrective Measure may be implemented in anticipation of a problem or to monitor the progress of implementing other Corrective Measures.

(B) Suspend Selection of Category II Control Strategy Proposals

The Executive Officer shall divert all Investment Fees to Category I Control Strategy Proposals and suspend selection of new Category II Control Strategy Proposals.

(C) Investment Fee Adjustment

The Executive Officer shall annually revisit and recommend, as appropriate, to the District's Governing Board that the Premium Fee be adjusted for Regulation IV or XI AQIP Investors or the Investment Fee be adjusted for Rule 2202 AQIP Investors. The adjustment can be assessed only on future participants of the AQIP and shall be proportionately assessed for Regulation IV or XI Investors and Rule 2202 Investors.

(D) Temporary Program Suspension

If after 12 months from implementing one or more of the corrective measures set forth in subparagraphs (h)(2)(A), (h)(2)(B), and (h)(2)(C), one or more of the conditions set forth in subparagraphs (h)(1)(A), (h)(1)(B), or (h)(1)(C) still exists, the District's Governing Board can temporarily suspend the program by refusing new investments to provide time to ensure required emission reductions will occur. In the event the AQIP is suspended, Rule 2202 Investors may continue to invest in the Rule 2202 AQIP pursuant to the AQIP provisions as set forth in Rule 2202(f)(7).

(i) Environmental Benefit

(1) Emission reductions shall be retired in the amount of at least 10 percent of the emission reductions used by Investors based on emission reductions in the Environmental Set Aside and the Environmental Benefit Account. The Environmental Benefit Account includes emission reductions which are:

- (A) expired in the AQIP Emission Reduction Reserve pursuant to paragraph (c)(4);
- (B) expired in the Environmental Set Aside pursuant to paragraph (c)(10);
- (C) designated for retirement to benefit the environment pursuant to clause (d)(4)(B)(ii) and subclause (e)(6)(C)(ii)(II); and
- (D) purchased by a person for the purpose of retiring emission reductions to benefit the environment pursuant to subparagraph (e)(1)(H); and
- (E) excess or unused from Investors pursuant to subparagraph (e)(6)(D).

(2) Re-designating Emission Reductions From the Environmental Set Aside to the AQIP Reserve

Maintaining the initial expiration date, in accordance with the applicable Emissions Quantification Protocol and paragraph (c)(4), the Executive Officer shall re-designate emission reductions from the Environmental Set Aside back into the AQIP Emission Reserve in an amount equivalent to those emission reductions in the Environmental Benefit Account that comprise the 10 percent environmental benefit pursuant to subparagraphs (i)(1)(A), (i)(1)(C), and (i)(1)(E)



**Appendix A**  
**Procedures for Implementing**  
**Rule 2501 - Air Quality Investment Program**

**Introduction**

The information contained in this Appendix provides additional clarification for the following provisions contained in Rule 2501:

- Section A1. Required Information for Control Strategy Proposals, subparagraph (d)(1)(B);
- Section A2. Eligibility Criteria for Certification of Control Strategy Proposals, paragraph (d)(2);
- Section A3. Control Strategy Proposal Selection and Implementation, paragraph (d)(3);
- Section A4. Required Information for AQIP Plan Registration, subparagraph (e)(2)(C);
- Section A5. Technology Fee Calculation Methodology, paragraph (c)(17) and subparagraph (e)(4)(A);
- Section A6. Semi-Annual Status Reports, paragraph (g)(1); and
- Section A7. Program Audits, paragraph (g)(2).

**Section A1. Required Information for Control Strategy Proposals**

As required in paragraph (d)(1)(B) of Rule 2501, each control strategy proposal shall, at a minimum, include the following elements:

**A. Project Description**

- A complete description of the control strategy, including the location where the emission reductions will occur, the source category, the control technology to be used to reduce emissions, and the pollutants to be reduced.

**B. Monitoring, Reporting, and Recordkeeping (MRR)**

- Monitoring, reporting, and recordkeeping mechanism for compliance verification as set forth in District rules and regulations for the applicable source category.
- Category I proposals shall include, at a minimum, MRR requirements specified in Emissions Quantification Protocol.
- Category II proposals should include suggested MRR requirements as set forth in MRR requirements identified in Section B1 of Appendix B.

**C. Quantification of Emission Reductions****Category I Control Strategy Proposals**

- Quantification of the emission reductions in accordance with an emissions quantification protocol, including for each pollutant reduced in the year that emission reductions will occur and the duration of emission reductions.
- Demonstration that the proposed emission reductions meet an Emissions Quantification Protocol and are real, quantifiable, permanent (for the duration of the emission reduction activity), surplus, and enforceable.

**Category II Control Strategy Proposals**

- The proposal shall include a suggested emissions quantification of the protocol, as set forth in Section B1 of Appendix B, with an explanation of how this protocol will accurately calculate emission reductions; or
- To the extent feasible, quantification of air quality benefit associated with implementation of proposal. If quantification of air quality benefits is not feasible, provide a detailed discussion of the air quality benefit. In addition, Category II Proposals shall identify the air pollution control technology associated with implementation of the control strategy.
- Demonstration that emission reductions or air quality benefit are surplus in accordance with the definition of Surplus Emission Reductions set forth in paragraph (c)(16).

**D. Implementation Cost of Control Strategy Proposal**

**Category I Control Strategy Proposals**

- Implementation cost of control strategy proposal to achieve stated emission reductions calculated in dollars per ton of emissions reduced. Implementation cost shall be calculated on an individual pollutant basis.

**Category II Control Strategy Proposals**

- For proposals where emission reductions can be quantified, implementation cost of control strategy proposal to achieve stated emission reductions calculated in dollars per ton of emissions reduced.
- For proposals where emission reductions cannot be quantified or an air quality benefit is anticipated, implementation cost of the control strategy proposal to achieve stated air quality benefit calculated in dollars.
- Regardless of the ability to quantify emission reductions or air quality benefit, to the extent feasible, identification of implementation costs by tasks or deliverables.

**E. Implementation of Control Strategy Proposal**

- Time frame for achieving stated emission reductions for Category I Proposals. Identification of emission reductions for each 12-month interval of implementation of the Category I Proposal.
- Identification of tasks, milestones, implementation schedule, and deliverables for Category I and II Proposals.
- Flexibility for partial and/or phased implementation schedule.
- Identification of ongoing emission reductions, if any, beyond implementation schedule specified in Control Strategy Proposal.

**F. Other Information**

- Information to ensure Control Strategy Proposal is in accordance with other local, state, and federal programs and resulting emissions reductions from a specific project are not required as a mitigation measure to reduce adverse environmental impacts that are identified in an environmental document prepared in accordance with the California Environmental Quality Act or the National Environmental Policy Act.
- Identification of potential adverse environmental impacts associated with implementation of the Control Strategy Proposal.

**Section A2. Eligibility Criteria for Certification of Control Strategy Proposals**

In accordance with paragraph (d)(2), certification of Category I and II Control Strategy Proposals by the Executive Officer is based on the following criteria:

- Designation of the Control Strategy Proposal as either a Category I or Category II Control Strategy Proposal that meets the definitions in paragraphs (c)(5) and (c)(6), respectively. In addition, verification that the information and data required pursuant to subparagraph (d)(1)(A) is complete and accurate.
- Category II Proposals shall demonstrate that the project will result in or support the development, commercialization, or advancement of an air pollution control technology.
- The Emission Reduction Provider and the Control Strategy Proposal are in compliance with all other applicable District rules and state and federal requirements.
- MRR requirements are sufficient to document and verify the activity level and emission reductions.
- Verification that emission reductions are real, quantifiable, enforceable, permanent, and surplus and that the Emissions Quantification Protocol is applied accurately and appropriately for the source category.

**Section A3. Control Strategy Proposal Selection and Implementation**

Category I Control Strategy Proposals shall be selected for funding and implementation until emission reductions equivalent to the Total Required Emission Reductions are achieved. In accordance with Rule 2501 subparagraph (d)(3)(A), the prioritization for selection and implementation of Category I proposals shall be based on following criteria:

- implementation cost of the proposal (dollars per ton of emissions reduced) for each individual pollutant ;
- amount of emission reductions (for each individual pollutant);
- ability to achieve concurrent or multiple pollutant emission reductions;
- viability of partial or full implementation of the proposal and associated implementation cost for partial and/or full implementation of the proposal;
- type of control strategy;
- location of control strategy;
- monitoring, recordkeeping, and reporting elements of the proposal;
- consistency with other local, state, and federal programs;
- potential adverse environmental impacts;
- implementation period of the control strategy; and
- achieving a balance between different types of strategies.

Remaining Category I and Category II Control Strategy Proposals will only be selected when there are remaining Investment Fees and after Total Required Emission Reductions have been achieved. In accordance with Rule 2501 paragraph (d)(3)(B), in addition to the selection process used for Category I proposals, Category II proposals shall be selected based on:

- the consistency of the proposed control technology with the District's Air Quality Management Plan's overall control strategy and implementation schedule to achieve air quality goals;
- the location within the South Coast Air Basin of anticipated emission reductions where the proposal will reduce localized emissions within a specific community or neighborhood, or emission reductions from upwind sources that will result in emission reductions for downwind sources; and
- the ability to promote advanced pollution control technologies.

#### **Section A4. Required Information for AQIP Plan Registration**

This section identifies the information that shall be identified in the AQIP Plan Registration as specified under subparagraph (e)(2)(C). The AQIP Plan Registration shall contain the information as specified by the Executive Officer, including, but not limited to:

1. Applicable rule provision and emission limitation that the source(s) or process(es) are seeking to use the AQIP as an alternative compliance option.
2. Demonstration that use of AQIP emission reductions complies with the applicability requirements as set forth under subdivision (b), participation requirements as set forth under paragraph (e)(1), and the existing and future BARCT criteria as set forth under subparagraph (e)(1)(A) and (e)(1)(B), respectively.
3. Demonstration that use of AQIP complies with all other applicable District rules, state and federal requirements, including NESHAPs.
4. District equipment or device identifier(s), with a brief description of source(s) and process(es), and the specific permit conditions identified on the District permit that need to be modified to maintain compliance with applicable rule provisions through the use of the AQIP.
5. Applicable pollutants to be reduced through the AQIP.
6. Calculations supporting the emission reductions needed to demonstrate compliance, as set forth in a District rule specifying enforceable procedures for applying AQIP emission reductions.
7. Data supporting activity level, including but not limited to hours of operation, product or material usage, fuel usage, maximum daily usage or activity, as set forth in a District rule specifying enforceable procedures for applying AQIP emission reductions.
8. Description of monitoring, recordkeeping, and reporting procedures to be used pursuant to the adopted District rule specifying enforceable procedures for applying AQIP emission reductions to the subject source category as set forth in Section B2 of Appendix B, "Enforceable Procedures for AQIP Clean Air Investors".
9. Identification of the 12-month investment period, which represents 12 consecutive months, over which the AQIP emission reductions will be used. If the investment period occurs over two calendar years, the AQIP Clean Air Investor shall designate the amount of AQIP emission reductions that will be used during each calendar year.
10. Information required under Rule 2202 for those AQIP Clean Air Investors subject to Rule 2202.
11. A complete and signed General Application Form (AQMD Form 400-A).



**Section A5. Technology Fee ( $T_{fee}$ ) Calculation Methodology**

This section provides the calculation methodology for the Technology Fee ( $T_{fee}$ ) for the purposes of establishing the Investment Fee for Regulation IV and XI sources participating in the AQIP referenced in paragraph (c)(17) and (e)(4)(A) of this rule.

On January 1 and July 1 of each year, the  $T_{fee}$  will be calculated. The January  $T_{fee}$  will be based on certified proposals received between May 1 through October 31, and the July  $T_{fee}$  will be based on certified proposals received between November 1 and April 30. The three months preceding posting the January and July  $T_{fee}$ , Control Strategy Proposals will be certified pursuant to paragraph (d)(2) and prioritized for selection pursuant paragraph (d)(3). Certified Category I proposals will be placed into three groups based on their implementation cost. The three groups of  $T_{fee}$ 's will be calculated based on the implementation cost (dollars per ton of emissions reduced) of the proposals as indicated below:

- Group A  $T_{fee}$ : Average implementation cost- for proposals less than \$10,000 per ton of pollutant reduced;
- Group B  $T_{fee}$ : Average implementation cost for proposals greater than or equal to \$10,000 and less than \$20,000 per ton of pollutant reduced; and
- Group C  $T_{fee}$ : Average implementation cost for proposals greater than or equal to \$20,000 per ton of pollutant reduced.

The  $T_{fee}$  is a pollutant-specific, emissions weighted, average of the implementation cost for all Category I proposals for that specific time period (Equation 1). As shown in Equation 1, for each proposal, the product of the implementation cost and anticipated emission reductions is summed. This value is divided by the total emission reductions anticipated from all proposals. Within each of the three implementation cost groupings, a  $T_{fee}$  will be calculated for each pollutant (VOC, NO<sub>x</sub>, SO<sub>x</sub>, CO, and PM10). If there are no proposals within a specific implementation cost group or that target a specific pollutant, no  $T_{fee}$  will be calculated. For example, if there are no proposals with an implementation cost over \$20,000 per ton or no PM10 proposals, accordingly no  $T_{fee}$  will be calculated.

$$T_{fee} = \frac{\sum_{i=1}^n (C_i * E_i)}{\sum_{i=1}^n E_i} \tag{Equation 1}$$

Where:

- C is the Implementation Cost of Proposal i (dollars per ton of emissions reduced)
- E is the total emission reductions anticipated from implementing Proposal i
- i is the certified Category I Proposals
- n is the number of certified Category I Proposals.

**Section A6. Semi-Annual Status Reports**

In accordance with Rule 2501 paragraph (g)(1), the Executive Officer will submit Semi-Annual Status Reports in January and July of each year reporting the effectiveness of the

AQIP to the District's Governing Board. The Semi-Annual Status Reports will include, but are not limited to, the following information:

- Amount of money collected, specifying amounts collected for the Technology Fees and Premiums;
- Number of participants, including the number of small businesses;
- Total Required Emission Reductions and emission reductions achieved;
- Amount of emission reductions in the AQIP Emission Reduction Reserve;
- A list of the number and types of emission reduction control strategy proposals (identifying Category I and II proposals) received and funded and the estimated emission reductions and implementation cost associated with each proposal;
- Technology Fee for each pollutant for Groups A, B, C over the past six-months; and
- Any other issues identified through the Program Audit.

### **Section A7. Program Audits**

In accordance with Rule 2501 paragraph (g)(2), the Executive Officer will conduct Annual Program Audits to ensure required emission reductions are being achieved. The information and data that the Annual Program Audits will include, but are not limited to:

- Evaluation of the level of participation and the appropriateness of program expansion or modification.
- Ability of selected control strategies to achieve stated emission reductions;
- Status update of control strategies that have been fully implemented;
- Evaluation of cumulative adverse environmental impacts from implementation of control strategies and cumulative adverse public health impacts from use of credits through implementation of the AQIP; and
- Excess or shortfalls in emission reductions and fees associated with implementation of control strategies.
- Effectiveness of the Premium to fund Category II control strategies and its impact on Investors to assess other compliance options before using the AQIP and the interaction with other trading programs.

**Appendix B**  
**Guidelines for**  
**Rule 2501 - Air Quality Investment Program**

**Introduction**

The information contained in this Appendix provides additional clarification for the following provisions contained in Rule 2501:

- Section B1. Guidelines for Quantifying Emission Reductions for Category II Control Strategy Proposals;
- Section B2. Enforceable Procedures for AQIP Clean Air Investors.

**Section B1. Criteria for Emissions Quantification Protocols**

The following criteria shall be used to develop Emissions Quantification Protocols as defined under paragraph (c)(8) of Rule 2501. District rules specifying emissions Quantification Protocols shall comply with these criteria. In addition, the following criteria can also be used for those Category II Control Strategy Proposals where an Emissions Quantification Protocol as defined pursuant to paragraph (c)(8) is not available in a District rule or regulation. Category II proposals meeting these criteria may be preferred for selection.

**A. Process or Source Description**

- Description of the process or source category that includes but is not limited to the type of process or source category, size, and applicable industries. Identification of operating conditions for which protocol is applicable.

**B. Test Method**

- Identification of test method or existing emissions data (applicable to mobile sources) that is used to quantify emission reductions to ensure emission reductions are real.
- Instrumentation utilized in test method shall have sufficient sensitivity, selectivity, precision, accuracy, and range to measure the applicable parameters to characterize source operation (e.g. flow rate, temperature, etc.).

**C. Calculation Methodology**

- Provide a calculation methodology to quantify baseline emissions and emission reductions for the applicable process or source category.
- Calculation methodology shall demonstrate that emission reductions that are real, quantifiable, permanent, and surplus.
- Example calculations to illustrate application of calculation methodology and the appropriate units associated with the calculation methodology.

**D. Technical Uncertainty Factor**

- Identification and documentation of an applicable technical uncertainty factor, if needed, to account for the uncertainty associated with the test method, data collection, calculation methodology to ensure emission reductions are real and surplus.

**E. Data Collection (For Development of Emissions Quantification Protocol)**

- Data collection shall be sufficient to characterize the process for all representative phases of source operation under which emission reductions will be quantified.
- Must provide and follow a Quality Assurance/Quality Compliance plan for data collection.

**F. Monitoring, Reporting, and Recordkeeping (MRR)**

- MRR requirements used shall be sufficient to document and verify activity level or throughput, and emission rate or pollutant concentration, to ensure emission reductions are real, quantifiable, and enforceable. In addition, where possible verification could require records from sources independent from the regulated facilities such as material or fuel supplier information.
- Identify the frequency at which MRR requirements shall be conducted to ensure emission reductions are enforceable and the information required to ensure emission reductions are verifiable.
- MRR requirements shall be equivalent to or in accordance with existing District rules and regulations.

**G. Documentation**

- Must explain the rationale for choosing test method and emissions data as specified in Part B, and calculation methodology as specified in Part C.
- Documentation shall include but is not limited to information and data collected in accordance with Part F to develop emissions quantification proposal, test runs, calculation methodology, and technical uncertainty factor.
- Must document data collected as required under Parts A-F and used to develop calculation methodology.

**H. Other**

- Any other information as required in accordance with state and federal requirements related to emissions quantification protocols.

**Section B2. Enforceable Procedures for AQIP Clean Air Investors**

MRR requirements used shall be sufficient to document and verify activity level or throughput, and emission rate or pollutant concentration, to ensure that the Investor is using AQIP emission reductions as set forth in their approved AQIP Plan Registration. The following identifies MRR requirements for AQIP Clean Air Investors. These provisions are intended will guide the development of the Enforceable Procedures Rules for Investors.

**A. Monitoring**

- Monitoring shall be sufficient to verify that the use of AQIP emission reductions are in compliance with the AQIP Plan Registration. The monitoring technique used to verify compliance shall be based on an established monitoring technique applicable to the source category.
- The established monitoring technique shall be in accordance with existing District rules and regulations and includes, at a minimum, methods outlined in District rules and regulations, and approved ARB and EPA methodologies.

- An alternative monitoring technique, which has been determined in the enforceable procedures rule to be equivalent to the monitoring technique as set forth in the applicable District rule or regulation for which the Investor is using the AQIP emission reductions may be proposed and will be subject to the appropriate approval process. The alternative monitoring technique must be equivalent in relative accuracy, reliability, reproducibility and timeliness of monitoring emission reductions.

**B. Recordkeeping**

- Records shall be sufficient to verify emissions from sources participating in the AQIP, including but not limited to Emissions Limitation, activity level, or other operating parameters.
  - The AQIP Plan Registration shall identify the type of records and frequency of records which shall be kept by the Investor when AQIP emission reductions are used.
  - Where possible verification should require records from sources independent from the regulated facilities such as material or fuel supplier information.
- Records of operation shall be in sufficient detail to determine the occurrence and number of days of violations.
- Records of operations shall be maintained in accordance with those applicable District rules and regulations that the Investor was subject to prior to participation in the AQIP.
- An alternative recordkeeping technique, which has been determined in the enforceable procedures rule to be equivalent to the recordkeeping technique as set forth in the applicable District rule or regulation for which the Investor is using the AQIP emission reductions may be proposed and will be subject to the appropriate approval process. The alternative recordkeeping technique must be equivalent in relative accuracy, reliability, reproducibility and timeliness of recording emissions.

**C. Reporting**

- Reporting requirements shall be conducted at a frequency to ensure use of emission reductions are enforceable and verifiable as specified in the AQIP Plan Registration.
- To ensure emission reductions are verifiable, the information in the compliance report shall, at a minimum, specify the amount of AQIP emission reductions used over the previous six-month period and the amount of AQIP emission reduction remaining for the next six-month period.