

# **Instructions for Emission Reduction Credit (ERC) Registry Application**



**Bureau of Air Quality  
Department of Environmental Protection  
Commonwealth of Pennsylvania  
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**DEPARTMENT OF ENVIRONMENTAL PROTECTION  
BUREAU OF AIR QUALITY  
REGIONAL OFFICE CONTACT INFORMATION**

**Region I:**

Mr. Thomas McGinley  
Southeast Regional Office  
Lee Park - Suite 6010, 555 North Lane  
Conshohocken, PA 19428  
Telephone: (610) 832-6242

**Counties:** Bucks, Chester, Delaware, Montgomery

**Region III:**

Mr. Ron Davis  
Southcentral Regional Office  
909 Elmerton Avenue  
Harrisburg, PA 17110  
Telephone: (717) 705-4702

**Counties:** Adams, Bedford, Berks, Blair, Cumberland,  
Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster,  
Lebanon, Mifflin, Perry, York

**Region V:**

Mr. William Charlton  
Southwest Regional Office  
400 Waterfront Drive  
Pittsburgh, PA 15222-4745  
Telephone: (412) 442-4174

**Counties:** Armstrong, Beaver, Cambria, Fayette, Greene,  
Indiana, Somerset, Washington, Westmoreland

Allegheny County (Obtain Local Agency's Forms)

Plan Review Section  
Allegheny County Health Department  
Bureau of Air Pollution Control  
301 39th Street  
Pittsburgh, PA 15201  
Telephone: (412) 578-8116

**Region II:**

Northeast Regional Office  
Two Public Square  
Wilkes-Barre, PA 18711-0790  
Telephone: (570) 826-2531

**Counties:** Carbon, Lackawanna, Lehigh, Luzerne, Monroe,  
Northampton, Pike, Schuylkill, Susquehanna, Wayne,  
Wyoming

**Region IV:**

Mr. Richard Maxwell  
Northcentral Regional Office  
208 West 3<sup>rd</sup> Street, Suite 101  
Williamsport, PA 17701  
Telephone: (570) 327-3637

**Counties:** Bradford, Cameron, Centre, Clearfield, Clinton,  
Columbia, Lycoming, Montour, Northumberland, Potter,  
Snyder, Sullivan, Tioga, Union

**Region VI:**

Mr. Devendra Verma  
Northwest Regional Office  
230 Chestnut Street  
Meadville, PA 16335-3481  
Telephone: (814) 332-6940

**Counties:** Butler, Clarion, Crawford, Elk, Erie, Forest,  
Jefferson, Lawrence, McKean, Mercer, Venango, Warren

Philadelphia County (Obtain Local Agency's Forms)

Department of Public Health  
Air Management Services  
321 University Avenue  
Spelman Building  
Philadelphia, PA 19104  
Telephone: (215) 823-7580

**CENTRAL OFFICE INFORMATION: Division of Permits:** John Slade, Chief, (717) 787-4325;  
Title V, NSR and General Permit Information- Douglas Leshner, Chief, New Source Review Section;  
BACT/BAT/RACT/MACT/LAER - Krishnan Ramamurthy, Chief, Technical Support

**COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
BUREAU OF AIR QUALITY**

**INSTRUCTIONS FOR COMPLETING THE EMISSION REDUCTION CREDIT (ERC)  
REGISTRY APPLICATION**

**GENERAL INFORMATION**

The federal Clean Air Act Amendments of 1990 (CAA) revised preconstruction permit requirements for new or modified major facilities. A new major facility or new source at an existing major facility which emits or has the potential to emit regulated air pollutants such as nitrogen oxides (NO<sub>x</sub>) or volatile organic compounds (VOCs) at specific threshold limits are subject to new source review (NSR) requirements. NSR requirements also apply to a major facility that emits threshold limits of particulate matter, PM-10, sulfur oxides, carbon monoxide and lead if the facility is located in a nonattainment area or impacts a nonattainment area for that pollutant.

Pennsylvania's NSR regulation, codified in 25 Pa. Code Chapter 127, Subchapter E, sets forth the preconstruction requirements for new or modified major facilities. These requirements include emission offsets for proposed increases in emissions and compliance with the lowest achievable emission rate (LAER).

The common currency of all offset transactions is emission reduction credits (ERCs). In order to satisfy offset requirements, the owner or operator of a new or modified major facility must obtain ERCs satisfy the offset ratio requirements for proposed emission increases. An emission reduction credit is defined in 25 Pa. Code § 121.1 as a "permanent, enforceable, quantifiable and surplus emissions reduction that can be considered as a reduction for the purpose of offsetting emissions increases." In Pennsylvania, ERCs may be created by both major and non-major facilities even though the NSR Program only applies to major new or modifies sources.

**Creation of ERCs:**

Emission reductions initiated at a facility after January 1, 1991 must be surplus, permanent, quantifiable and federally enforceable in order to be considered for approval as ERCs:

**Surplus:** Emission reductions used to create ERCs must not be required or used to meet State Implementation Plan (SIP) limitations, attainment demonstrations, reasonable further progress, emission limitations or a compliance plan. Emission reductions used to comply with the CAA and the Air Pollution Control Act (APCA) requirements including best available technology (BAT), best available control technology (BACT), lowest achievable emission rate (LAER), new source performance standards (NSPS) or other emission limitations will not be considered surplus. [25 Pa. Code § 127.207 (1)(i)].

**Permanent:** Emission reductions that are federally enforceable through an operating permit or a revision to the SIP are considered permanent. The reductions used to generate ERCs must

be assured for the duration of the corresponding emissions increase that is being offset with those emission reductions. Emission restrictions or limitations arising from the creation of ERCs will be carried over into each successive permit issued to the facility. [25 Pa. Code § 127.207(ii)].

**Quantifiable:** The ERC-generating emission reductions shall be quantified using a credible, workable and reliable methodology consistent with procedures promulgated by the Pennsylvania Department of Environmental Protection (PADEP or Department) or the US Environmental Protection Agency (EPA). [25 Pa. Code § 127.207(iii)].

**Enforceable:** ERCs shall be made federally enforceable by mechanisms including state operating permits, federal or SIP emission limitations and be generated from a plan approval, economic incentive program or other permit limitations. [25 Pa. Code § 127.207(iv)].

Emission reductions used to generate or create ERCs are limited solely to reductions in actual emissions from either major or non-major stationary sources, area sources or mobile sources.

#### **ERC Generation Techniques:**

Under 25 Pa. Code § 127.207(5), the acceptable emission reduction techniques that an applicant may use to generate ERCs are limited to the following:

1. Shutdown of an existing facility on or after January 1, 1991.
2. Permanent curtailment in production or operating hours which result in actual emission reductions.
3. Installation of improved control measures that decrease actual emissions at an existing facility to less than the most stringent emissions limitation required under the CAA or APCA and which is reflected in a permit for the new or modified source.
4. Use of new technologies, materials, processes or equipment modifications that are not required for compliance.
5. Other methods including an Economic Incentive Program (EIP) or a mobile source emission reduction credit program that complies with NSR requirements for the generation of ERCs.

**Note:** Non-major sources may generate ERCs from either of the ERC-generating techniques described in 25 Pa. Code § 127.207 (5).

**Creditable Emission Reductions:**

The owner or operator of the ERC-generating facility must submit an ERC Registry Application to PADEP within one (1) year of initiating the reductions used to generate ERCs.

The Department will review and approve an ERC Registry Application that complies with the requirements of 25 Pa. Code §§ 127.206-127.209 prior to registration of ERCs. Entry of the ERCs in Pennsylvania's ERC Registry will constitute certification that the ERCs meet all applicable requirements. Upon registration of ERCs by the Department, the ERCs may be used for offsetting, netting or trading purposes.

If an ERC Registry Application or additional assistance is needed, please contact the Regional Office in your area or the Bureau Of Air Quality's Central Office Permits Division. See Listing of PADEP Regional Office and Central Office contacts on Page 1 of this document.

**Electronic copies of the ERC Registry Application Form:**

The ERC Registry Application and Instructions can be obtained electronically on PADEP's World Wide Web site at <http://www.dep.state.pa.us>.

## ERC REGISTRY APPLICATION INSTRUCTIONS

Read the following instructions before completing the ERC Registry Application

- Type or legibly print the requested information in the spaces provided. If more space is necessary, attach separate sheets of paper.
- Submit the complete ERC Registry Application, in duplicate, to the appropriate PADEP Bureau of Air Quality Regional Office. See Page 1 of this document.
- To be complete, all inquiries on the application must have a response and the application must be certified with original signatures. Enter “None” or “Not applicable”, as appropriate, for inquiries to which no other response is appropriate. Incomplete applications will not be processed.
- Retain a copy of each complete ERC Registry Application for your records.
- No fee will be charged for the processing, amendment or technical review of the ERC Registry Application. If ERCs are permanent or federally enforceable through an operating permit, PADEP will assess a \$250 fee for state-operating permit revisions or a \$500 fee for Title V permit modifications during the 1999 calendar year. For applications filed during the 2000-2004 calendar years, the will be \$300 for state-only operating permits and \$600 for Title V permits.
- The Department may request additional information during its technical review of your ERC Registry Application.
- All information in the application and supporting documentation will be available to the public unless the information meets the confidentiality requirements in Section 13.2 (relating to confidential information) of Pennsylvania’s Air Pollution Control Act (35 P.S. §4013.2). Emission data is not confidential information. If information is included in the ERC Registry Application that the applicant considers confidential, provide the information on separate sheets of paper (marked confidential) and justify, in writing, why the Department should consider the information confidential.

**ERC Registry Application-Instructions**  
**Section 1**  
**Identity and Location of Air Contamination Source**

**1A. Facility/Corporation Information**

Specify the company or corporation's name, mailing address, Federal tax identification (ID) number, telephone number and fax number (include area code).

**1B. Facility Operator Information**

Specify the name, mailing address, telephone number, fax number (include area codes) and Federal tax ID number of the operator of the source or facility. Type or print "SAME" if the source or facility is owned and operated by the same person.

**1C. Plant/facility Information**

Provide the name, street address (including county and municipality) and Federal tax ID number for the plant/ facility. In addition, provide the plant manager's name, telephone number and fax number (include area code).

**1D. Facility Type**

Specify the facility type and provide the permit number.

**1D. Contact Person**

Specify the name, title, mailing address, telephone number and fax number (include area code) of the person PADEP should contact if additional information is needed to certify the ERCs.

**1E. Certification Statement**

Enter the name and title of the person authorized to make the certification in the space provided in Section 1E. The certification must be "based on information and belief formed after reasonable inquiry that the information in the application is true, accurate and complete."

**Section 2**  
**ERC-Generating Source Information**

An ERC-generating source is the source from which the actual emission reductions are achieved. For example, if a surface coating operation uses water-based coatings which results in actual emission reductions, the surface coating operation is the ERC-generating source. Information pertaining to the ERC-generating source can be obtained from the plan approval or operating permit if the source has an operating permit issued by the Department. Information requested in this section is for source identification purposes. If a question does not pertain to your source or if the information requested is not available or applicable, please indicate "NA" for "Not Applicable" or "Not Available".

## **2A. Type of Source**

Describe the type of source. For example, if ERCs are generated from surface coating operations, specify "surface coating" as the type of source. Other types of sources include boilers, spray booths, incinerators, plating operations and furnaces. If your source type is descriptive, attach a separate sheet(s) of paper.

## **2B. Plan Approval/Permit Number**

Provide the plan approval or permit number issued by the Department in the space provided. If the source was a grandfathered source that commenced operation prior to 1972, you may not yet have a plan approval or operating permit number. However, if the source was constructed after 1972, you should already have an operating permit unless the source is operating lawfully without an operating permit.

## **2C. Manufacturer of the Source**

Provide manufacturer information from the source's name plate or manufacturer's catalog.

## **2D. Model Number**

List the model number information located on the source name plate or manufacturer's catalog.

## **2E. Date of Installation of the Source**

Provide the date the source was constructed or installed. If the source was modified after the initial installation, specify the date of the modification.

## **2F. Air Cleaning Device**

Specify the type of air cleaning device installed on the ERC-generating source.

An "air cleaning device" mean an article, chemical, machine, equipment or other contrivance, the use of which may eliminate, reduce or control the emission of air contaminants into the atmosphere. (See definition defined in 25 Pa. Code § 121.1). Examples of air cleaning devices include low NOx burners, incinerators, filters and adsorption units.

## **2G. Source ID/Designation**

If the source has a designation for the Air Information Management System (AIMS), enter the source ID number. Otherwise, give a short name that is commonly used or that may be used to identify the source. For example, Boiler # 4, Building A, etc.

## **2H. Hourly Rated Capacity**

Specify the hourly rated capacity of the source. For example, mmBTU/hr, (pounds of material used)/hr, (impressions)/hr, (square feet)/hr, pounds (lbs)/(million cubic feet (mmcf)), etc.

## 2I. Annual Throughput

Provide information concerning the ERC-generating source's annual throughput. For example, mmcf/yr, lbs/yr, tons/yr, gallons/yr, etc.

## 2J. Other Information

This is an optional field. Provide additional information that may be relevant to the identity of the ERC-generating source, for example, air cleaning device efficiency, peak heat input, method of firing, transfer efficiency or solvent density.

### Section 3 ERC Generation Techniques

Mark all appropriate box(es) with an "X". The information requested in this section is self-explanatory, no detailed instructions will be provided except for the following items:

**Shutdown of a source at an existing facility:** In Pennsylvania, the term "source" is defined as an air contamination source. [25 Pa. Code § 121.1]. The term "source" is similar to EPA's definition of the term "unit". In accordance with § 121.1, the "facility" is an air contamination source or a combination of sources located on one or more contiguous or adjacent properties and which is owned or operated by the same person under the common control of the same person. For example, a steel producing facility consists of sources such as coke ovens, blast furnaces, electric arc furnaces, and soaking pits.

**Shutdown of an existing facility:** Mark this box if the entire facility is partially or completely shutdown. **Note:** ERCs vs. Reactivation: If a source at the facility is partially or completely shutdown and the owner or operator has not made a decision to reactivate the facility in accordance with 25 Pa. Code §127.215 (relating to reactivation) or to permanently remove the source from operation, a reactivation plan and ERC Registry Application must be filed within one (1) year of the shutdown. In addition, the appropriate PADEP Regional Office must be notified that a permit modification will not be necessary for the creation of ERCs. The facility owner or operator will have one (1) year to decide whether to generate ERCs or to reactivate the facility.

**Incidental emissions reduction of nonhazardous air pollutants:** Mark this box if incidental emissions reduction of nonhazardous air pollutants resulted from the statutory required reductions of hazardous air pollutants. This includes the emission reductions of nonhazardous air pollutants which are incidental to the excess early emissions reduction of hazardous air pollutants listed in Section 112(b)(1) of the Clean Air Act (42 U.S.C.A. Section 7412(b)(1)). For example, ERCs can be generated if a facility reduces nonhazardous VOCs that are incidental to complying with a MACT standard.

#### **Section 4 Intended Use of ERCs**

Specify whether ERCs are intended for netting, offsetting or banking, trading or selling purposes. Check the appropriate box for intended use.

**Note:** The owner or operator of the facility may change the intended use of ERCs by providing written notification to the Department.

#### **Section 5 Emission Reductions Initiation Date**

The ERC creation date reflects the anticipated date of emission reductions. List the actual or intended date of initiation of emission reductions. The ERC life begins on the date the facility ceased generating emission reductions used to create ERCs, not the date the credits are certified. ERCs generated by the curtailment or shutdown of a facility will expire for use as offsets ten (10) years after the date the facility ceased generating emission reductions used to create ERCs if the ERCs are not being used in a plan approval. [25 Pa. Code § 127.206(f)].

#### **Section 6 Baseline Emission Rate Summary**

The baseline emission rate must be determined by calculating the average actual or allowable emissions, whichever is lower, over the two (2) calendar years immediately preceding the emissions reduction which generates the ERCs. See 25 Pa. Code § 127.207(4). For example, if the source achieved emission reductions in 1999, then average emissions must be calculated based on 1998 and 1997 emissions data.

**Note:** If PADEP determines that the 2-year period immediately preceding the emissions reduction is not representative of the facility's normal emission rates or characteristics, the Department may specify a different 2-year period within the preceding 5-year period that is representative of the facility's normal operations. See 25 Pa. Code § 127.207(4)(i)(B).

With Department approval, an applicant for ERCs may choose a different 2-year period within the preceding 5-year period if normal operations were affected by catastrophic occurrences or economic conditions including labor strikes, re-tooling, industrial accidents. The applicant must provide emissions data for the preceding 5-year period on separate sheets of paper and specify why a different 2-year period is representative of normal operations at the facility.

If the existing facility has been in operation for less than two (2) years, the Department will determine the baseline emissions rate based on a representative period during the operational life of the facility. See 25 Pa. Code § 127.207(4)(i)(B).

## State Implementation Plan (SIP) Allowable Emissions Rate

Indicate the basis for the SIP allowable emission rate and include the source's maximum allowable emissions rate. If the source has a permit or plan approval issued by the Department, the information in the plan approval or operating permit may be provided.

Provide the allowable emissions rate specified in reasonable available control technology (RACT) or maximum achievable control technology (MACT) plans if the source or facility is subject to these requirements. If the final emissions limit has not been established, provide an estimate of the emissions limitation.

## Revised Allowable Emissions after Reduction

Enter the revised allowable emissions after the source has achieved the emissions reduction. If a source is completely shutdown, there are no actual emissions after the shutdown. You should also provide the emissions rate in lbs/day and tons/year after the reduction of each pollutant. The emission rates may also be expressed in units other than lbs/day or tons/year.

**Example:** A 250 million (mm)BTU/hr, coal fired boiler with a NO<sub>x</sub> emission rate of 0.8 lbs/mmBTU was shutdown in 1994. The boiler was operated in 1992 and 1993 at 5000 hours and 5200 hours, respectively. The RACT emission rate of NO<sub>x</sub> for the coal fired boiler is 0.45 lbs/mm BTU.

## Emission Baseline Calculation:

1992: Actual NO<sub>x</sub> emissions (Pre RACT)  
= 250 mmBTU/hr x 0.8 lbs/mmBTU  
= 200 lbs/hr  
= 200 lbs /hr x 5000 hrs/yr x 1 ton/2000 lbs  
= 500 tons/yr

1993: Actual NO<sub>x</sub> emissions (Pre RACT)  
= 250 mmBTU/hr x 0.8 lbs/mmBTU  
= 200 lbs/hr  
= 200 lbs /hr x 5200 hrs/yr x 1 ton/2000 lbs  
= 520 tons/yr

If the boiler is operated with RACT control measures, the actual emissions will be:  
= 250 mmBTU/hr x 0.45 lbs/mmBTU  
= 112.5 lbs/hr  
= 112.5 lbs /hr x (5000 + 5200)/2 hrs/yr x 1 ton/2000 lbs  
= 286.88 tons/yr

Therefore, the available ERCs are 286.88 tons/yr.

The data entries in the Baseline Emission Rate calculation are shown below:

## Baseline Emission Rate Summary

Baseline emission rate (expressed in lbs/hr or tons/yr) is based on the lower of actual or allowable emissions calculated over two (2) calendar years immediately preceding the reduction unless otherwise approved by the Department.

Calendar Year	Hours of Operation	VOC		NOx		Other	
		lbs/hr	TPY	lbs/hr	TPY	lbs/hr	TPY
1992	5000			200	500		
1993	5200			200	520		
Average:	5100				510		
Average Actual Emissions corrected with applicable SIP limitations *					286.88		
*RACT/MACT/LAER/BACT, etc.							
Revised Allowable Emissions after emission reductions:					0		
Available ERCs:					286.66		
Emission rates after reduction:							
VOC:		_____	Lbs/Hour	_____	Tons/Year		
NOx:		0	Lbs/Hour	0	Tons/Year		
Other:		_____	Lbs/Hour	_____	Tons/Year		

## Baseline Emission Estimates

Emission reduction credits cannot be generated for emissions in excess of actual emissions reported in emission statements submitted in AIMS (previously PEDS) and for which applicable fees have not been paid.

The baseline emission estimates specified in Item 6 must correspond with emission statements submitted in AIMS and any fees paid. If not, submit to the Department a revised Emission Statement and pay the appropriate fees, if applicable. The Department will revise the Emissions Inventory after the emissions data has been verified.

The facility may be subject to maximum achievable control technology (MACT) standards if the facility is major for hazardous air pollutants (HAPs). To be major for HAPs, a facility must emit or have the potential to emit 10 tpy of any listed HAPs or 25 tpy or more of a combination of listed HAPs.

### Section 7 Emission Quantification Methods

Check appropriate box(es) for method(s) used to determine the baseline emission rate. Also, attach copies of results of source tests, summaries of emissions records and measurements or calculation methodology used to estimate the baseline emissions rate(s). If you are using any

other method not specified in the ERC Registry Application, please provide a detailed description of the quantification methods used and the rationale for using another method.

### **Section 8 Emission Characteristics**

Provide requested information to determine the ambient impact of the emissions reduction. This information is useful to potential buyers who need to demonstrate equivalent ambient impact as required under 25 Pa. Code §127.208(3).

#### **Compliance Status**

Check the appropriate box to indicate whether the ERC-generating source or facility is in compliance with applicable requirements of Pennsylvania's Air Pollution Control Act (APCA) and regulations adopted thereunder.

If the owner/operator of the ERC-generating source is in violation of the APCA, regulations adopted under the act, a plan approval, operating permit or order of the Department, include a list of the violations and the date(s) and location(s) specified in the Notice(s) of Violation.

#### **Attachments**

List all documents attached to this ERC Registry Application for purposes of evaluating the ERC-generating emission reductions.

## FREQUENTLY ASKED QUESTIONS

### **Introduction:**

The federal Clean Air Act Amendments of 1990 (CAAA) require states to establish preconstruction review programs for new or modified existing major facilities located in nonattainment areas or areas having an impact on nonattainment areas. These facilities must obtain emission offsets for criteria pollutants such as nitrogen oxides (NO<sub>x</sub>) or volatile organic compounds (VOCs), and comply with the lowest achievable emission rate (LAER).

The Pennsylvania Department of Environmental Protection's (DEP) preconstruction review requirements are contained in 25 Pa. Code Chapter 127, Subchapter E, New Source Review (NSR). The NSR program also establishes an emission reduction credit (ERC) trading program for purposes of satisfying the offset requirement.

### **What are ERCs?**

ERCs are credits, expressed in tons per year (tpy), which a company can create if its actual emissions of certain pollutants are reduced more than necessary to fulfill regulatory requirements. ERCs are permanent, enforceable, quantifiable, and surplus emission reductions. It is used for the purpose of meeting New Source Review (NSR) offset requirements at a specified offset ratio, depending on the location of the facility. The offset ratio for moderate nonattainment area for ozone is 1.15 to 1. That means if 100 tpy of VOCs are emitted from a proposed new or modified major facility in a moderate nonattainment area for ozone, the facility must obtain 115 tpy of ERCs to offset the increase in VOC emissions.

### **Can ERCs be generated for all criteria pollutants?**

Yes. ERCs can be generated for the following criteria pollutants: NO<sub>x</sub>, VOCs, particulate matter (PM), PM-10, carbon monoxide (CO), lead (Pb), and sulfur oxides (SO<sub>x</sub>). The most marketable ERCs are VOC and NO<sub>x</sub> credits because the Commonwealth is considered nonattainment for ozone. Ground-level ozone is formed when NO<sub>x</sub> and VOC emissions react in the presence of sunlight.

### **How are ERCs generated?**

ERCs can be generated, in tons per year (tpy), for criteria pollutants by reducing emissions in the following ways:

- Shutdown of an existing source or facility. The term "source" refers to individual processes or emission producing activities within a facility.
- Permanent curtailment in production, or hours of operation which results in actual emissions reductions
- Installation of improved control measures which decrease actual emissions.

- Use of new technologies, materials, processes, or equipment modifications which are not required for compliance
- Other methods including an Economic Incentive Program (EIP) or a mobile source emission reduction credit program which complies with NSR requirements for the generation of ERCs

### **How are ERCs quantified?**

ERCs are quantified using the average actual or allowable emissions, whichever is lower, over the two calendar years immediately preceding the emissions reduction which generates the ERCs. A different two-year period within the preceding five-year period may be used if the two-year period preceding the emissions reduction is not representative of the facility's normal operations. For example, if a facility decides to shutdown a boiler, the facility may claim credits equal to average of two year of actual emissions. Example for improved control measures (overcontrol) is the installation of a low-NOx burner on combustion source if the installation of low NOx burner is not required by the regulatory requirements.

### **How are ERCs registered and certified?**

An applicant for ERCs submits an ERC Registry Application to the Department for review and approval. If the emission reductions identified in the application satisfy ERC generation requirements, the Department approves the application. The Department-approved ERCs are registered in the ERC Registry system. Entry of the ERCs in the registry constitutes certification that the ERCs satisfy applicable requirements.

### **What is the ERC Registry System?**

The ERC Registry System is a database maintained by the Department. The Registry is used primarily to bank ERCs and for purposes of tracking the creation, transfer, and use of ERCs. ERCs or emission reductions used internally by a facility to "net-out" of NSR are also processed through the registry.

### **Is there an expiration date for certified ERCs?**

Yes. ERCs created from the curtailment or shutdown of a facility or source will expire for use as offsets 10 years after the emission reductions were initiated, if the ERCs are not included in a plan approval. ERCs generated by the overcontrol of emissions will not expire for use as offsets. However, the credits in the registry may be discounted if the Department or Federal Environmental Protection Agency promulgates new requirements.

### **How are ERCs used?**

ERCs may be used by the ERC-generating facility for banking, trading, offsetting, or netting purposes. ERCs purchased from an ERC-generating facility can be used to satisfy the offset requirement.

**Can ERCs be used to comply with other requirements?**

No. ERCs cannot be used to comply with Reasonably Available Control Technology (RACT), LAER, Best Available Technology (BAT), Best Available Control Technology (BACT), or any permit limitation.

**Where can ERCs be transferred?**

ERCs may be transferred and used in an area with the same or higher classification than the area in which the ERCs were generated. In southeastern Pennsylvania, five counties (Bucks, Chester, Delaware, Montgomery, and Philadelphia) are classified “severe” for ozone nonattainment. The remainder of the state is considered “moderate” for ozone nonattainment because of the Commonwealth’s inclusion in the Ozone Transport Region. VOC or NO<sub>x</sub> credits used for offset purposes in “moderate” areas may be obtained from any facility in the Commonwealth. However, ERCs transferred from the “severe” areas to “moderate” areas must be within either 2 days upwind or 200 kilometers.

**Is the inter-state trading of ERCs prohibited?**

No. ERCs may be obtained from or traded to a facility in another state that has reciprocity with the Commonwealth for the trading and use of ERCs.

**Is an ERC brokerage system prohibited?**

No. A broker is listed in the registry as the “holder” of ERCs until the credits are sold to a facility for offset purposes.

**What are ERCs worth?**

The sale of ERCs is a private transaction. Owners of ERCs directly negotiate the price of ERCs with the purchaser. The value of ERCs is based on supply and demand for ERCs.

**Is there a deadline for applying for ERCs?**

Yes. Major and non-major facilities must submit an ERC Registry Application to the Department within one (1) year of the initiation of emission reductions used to generate ERCs.

**For More information, please contact:**

The Bureau of Air Quality’s Division of Permits at (717)-787-4325. The ERC Registry Application and detailed instructions can be found on the DEP’s world wide web site at <http://www.dep.state.pa.us>.