

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

For Agenda of **June 23, 2005**

To: Board of Directors
Sacramento Metropolitan Air Quality Management District

From: Larry Greene
Air Pollution Control Officer

Subject: Request by County of Sacramento Kiefer Landfill for Emission Reduction Credits from the Community Bank

Recommendation

Approve the attached resolution transferring 5,729.32 lb/yr of particulate matter (PM10) credits to the County of Sacramento for use at the Kiefer Landfill from the Community Bank.

Executive Summary

Rule 205, Community Bank and Priority Reserve Bank, requires that requests for emission reduction credits (ERCs) from the Community Bank be brought before the Board when the term of the loan is greater than 5 years or the loan amount is greater than 900 lbs/quarter. Staff has received a request from the County of Sacramento for a 30-year loan. This request requires Board approval. The credit loan will be used to satisfy emission offset requirements pursuant to Rule 202, New Source Review.

Background

Kiefer Landfill is installing two additional landfill gas fueled internal combustion engines (A/C 16150 and 16151) at the landfill. There are already three existing internal combustion engines and a flare in operation at this facility. The internal combustion engines burn the landfill gas that would otherwise be sent to the flare and generate electrical power that is sold to SMUD.

The emissions of pollutants at Kiefer Landfill exceed the trigger levels for offsets under Rule 202 for all of the pollutants. However, based on the permit evaluation, the modification of adding the two internal combustion engines only results in an increase in emissions for PM10. The addition of the engines will require a total of an additional 11,812 lb/year of PM10 to be offset pursuant to Rule 202. The County of Sacramento Kiefer Landfill currently owns a PM10 credit certificate from Placer County that needs to be fully used before they can request a loan from the Community Bank. This Placer credit certificate will be fully surrendered for use for the addition of the two internal combustion engines. The County of Sacramento is requesting a loan for the additional PM10 credit that is needed, which is 5,729.32 lb/year.

County of Sacramento has requested a 30-year loan of credits from the Community Bank to provide offsets for Authority to Construct 16150 and 16151. An offset ratio of 1 to 1 for PM10 will be applied to this loan transaction.

Community Bank Approval Process

Rule 205, Section 310 states that the District Board of Directors must approve loan applications to the Community Bank prior to disbursement. The June Board meeting is the meeting prior to the July disbursement. This loan request, if approved, will be effective July 1, 2005.

In approving a loan request, the Board must consider the extent to which cleaner innovative technologies have been used to minimize credit needs and may conditionally grant loans to protect the health of the bank or to promote cleaner, innovative technology. The Board may deny any application if it determines that the denial is in the best interest of the Sacramento Federal Ozone Nonattainment Area.

Use of Clean Technology

Staff prepared a Top-Down Best Available Control Technology determination for the two internal combustion engines during the permit evaluation. The applicant is proposing to use the most effective control technique that was identified during that Top-Down determination. A landfill gas pretreatment system to remove gas condensate and filter landfill gas of particulates is being used. A permit limit of 0.119 g/hp-hr has been implemented in the permit conditions.

Rule 205, Section 310.5 allows the Board the authority to place conditions on loan approvals in order to protect the health of the bank or promote clean technology. Staff recommends that no additional conditions be placed on this loan approval.

Loan Applications Under Consideration

The loan application for the use of Community Bank ERCs by County of Sacramento Kiefer Landfill is the only loan under consideration for this quarter.

Health of the Bank

The current ROC, NOx, and PM10 balances in the three accounts are:

Pollutant	Account Balances (pounds per year)			Total (tons per year)
	Military Base	Essential Public Services	Community Bank	
ROC	421,673.0	51,412.3	520,945.5	497.02
NOx	76,085.4	68,137.0	29,415.0	86.82
PM10	15,465.3	6,727.6	12,777.6	17.49

If the request for withdrawal is approved, there will be 7,048.3 lb/year PM10 left in the Community Bank and a total of 29,250.7 lb/year PM10 in all three accounts.

Priority Determination

Rule 205, Section 311, Community Bank Loan Prioritization, states that if loan requests exceed the quarterly funding cap, all loan applications in the funding cycle shall be prioritized. The total amounts of credits requested for the loan are 5,729.32 lb/year PM10 from the Community Bank, which does not exceed the funding caps.

Conclusion

Staff recommends that the Board approve a loan of 5,729.32 lb/year PM10 credits from the Community Bank to County of Sacramento Kiefer Landfill for a 30-year term with no special conditions. The loan fee is estimated to be \$89,996, plus an annual administrative fee.

Respectfully submitted,

Larry Greene
Air Pollution Control Officer
Sacramento Metropolitan
Air Quality Management District

Approved as to form:

Kathy Pittard
District Counsel
Sacramento Metropolitan
Air Quality Management District

Attachment: Resolution

RESOLUTION NO. AQM _____
BOARD OF DIRECTORS
OF THE SACRAMENTO METROPOLITAN AIR QUALITY
MANAGEMENT DISTRICT

WHEREAS, the Board of Directors of the Sacramento Metropolitan Air Quality Management District adopted Rule 205, COMMUNITY BANK AND PRIORITY RESERVE BANK; and

WHEREAS, pursuant to Rule 205, Section 202, the Community Bank is a depository of certified emission reduction credits which may be loaned for compliance with rules and regulations or for offset requirements of Rule 202, NEW SOURCE REVIEW; and

WHEREAS, there are no additional PM10 emission reduction credits in the possession of County of Sacramento Kiefer Landfill at this time; and

WHEREAS, Rule 205, COMMUNITY BANK AND PRIORITY RESERVE BANK, Section 310 requires that loan applications to the Community Bank for amounts greater than 900 pounds per quarter and/or longer than 5 years must be approved by the District Board of Directors prior to disbursement.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors of the Sacramento Metropolitan Air Quality Management District authorizes and directs the transfer of the following PM10 emission reduction credits from the Community Bank to County of Sacramento Kiefer Landfill for use with Sacramento Metropolitan Air Quality Management District permit number 16150 and 16151 for a term of thirty years:

Community Bank Transfer to County of Sacramento Kiefer Landfill (Pounds per Calendar Quarter)					
Pollutant	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total lb/yr
PM10	1,296.33	1,406.33	1,513.33	1,513.33	5,729.32

BE IT ORDERED that, pursuant to Rule 205, Section 310.4, the transfer be effective July 1, 2005.

RESOLUTION NO. AQM _____
BOARD OF DIRECTORS
OF THE SACRAMENTO METROPOLITAN AIR QUALITY
MANAGEMENT DISTRICT

ON A MOTION by Director _____, seconded by Director _____,
the foregoing resolution was passed and adopted by the Board of Directors of the
Sacramento Metropolitan Air Quality Management District, State of California, this 23rd
day of June 2005, by the following vote, to wit:

AYES: Directors

NOES: Directors

ABSENT: Directors

Chairperson of the Board
Sacramento Metropolitan Air
Quality Management District
State of California

(SEAL)

ATTEST: _____
Clerk of the Board
Sacramento Metropolitan Air Quality Management District