

## **Emission Reduction Credits Frequently Asked Questions**

### **1. What are Emission Reduction Credits (ERCs)?**

A major new source or a major modification at an existing major source planned in a nonattainment area must obtain emission offsets as a condition for approval. These offsets must (1) offset the emissions increase from the new source or modification and (2) provide a net air quality benefit.

### **2. How are ERCs created?**

An ERC may be created by:

- (1) Controlling emissions below the emission levels required by applicable State and federal requirements and the State Implementation Plan through a federally enforceable permit limit;
- (2) Curtailing operations and reducing emissions through a federally enforceable permit condition; or
- (3) Permanently discontinuing the operation of one or more emission units at a source.

Creditable emission reductions that qualify as ERCs must be permanent, quantifiable and federally enforceable. In addition, the shutdown or curtailment is creditable only if it occurred on or after January 1, 2003, and if the reduction was not necessary to meet any other State or federal requirement.

### **3. What Information Must be Submitted to the Department to Certify ERCs?**

- (a) A description of the equipment or process that resulted in a reduction in actual emissions, including any air pollution control devices serving that equipment or process;
- (b) The actual emissions occurring when the equipment or process operated in compliance with all applicable requirements during the selected 24-month period;
- (c) Identification of all regulations or other requirements that apply to the equipment or process and a demonstration of compliance with those requirements.

### **4. How are ERCs Certified?**

Information on emissions reduction submitted by the person who owns or operates the emissions units creating the ERCs shall be verified by the Department based on review of information in the Department's files including the source's emission certification reports, stack tests, inspection reports, and other information relating to emissions and compliance with applicable requirements.

**5. When must ERCs be obtained?**

Possession of the ERCs are not required before a permit is issued. However, the Permittee must either purchase the ERCs outright or own the option to buy the ERCs prior to the commencement of construction. If the option to buy is in effect, it must be exercised prior to the commencement of operation of the affected unit(s). Further, documentation regarding the status of the ERC requirement must be submitted to MDE before commencing construction.

**6. Do ERCs expire?**

ERCs expire as follows:

- (a) For emission units discontinuing operation before January 1, 2002, the ERCs expire January 1, 2012;
- (b) For emission units discontinuing operation on or after January 1, 2002, the ERCs expire January 1, 2012, or 10 years after the discontinued operation, whichever is later.

An exception to (a) and (b) above is that ERCs do not expire if the ERCs are committed to a new or modified emissions unit through a permit to construct that has an enforceable contract to transfer the ERCs to the owner or operator of a new or modified emissions unit.

**7. Can ERCs be transferred?**

An ERC may be transferred to the control of another person after it is certified and becomes federally enforceable.

**8. Can ERCs from Another State be Used in Maryland?**

A source located in Maryland may use an ERC created by a source located in another State if:

- (a) The emission reduction is certified by the state in which it is created;
  - (b) The conditions of the transfer are enforceable by the other state and the EPA;
- and
- (c) All of the requirements of COMAR 26.11.17 are met.