TCEQ, Air Permits Division
Advisory Group on Banking and Trading
January 4, 2006
1:30 pm
Austin

Minutes

Rule Review

TCEQ staff reviewed the requirements of the draft rules concerning discrete emission reduction credits (DERCs).

- DERCs can no longer be generated from facility shutdowns. DERCs generated by shutdowns prior to Sept. 30, 2002 will be good until Sept. 20, 2010.

- EPA must review new emission credit quantification protocol and generation of emission credits from outside the United States.

- Senate Bill 784 allows assignment of emission credits generated outside the U.S. if the reduction is an overall health benefit or is a reduction in a pollutant for which an adjacent U.S. city or area has been designated non-attainment.

Questions and Responses

Why are shutdowns being removed as a source of DERCs?

This provision is intended to encourage innovative and permanently applicable control technology. Emissions from shutdown facilities can reappear at other facilities as a result of product demand shift.

Can DERCs be converted to ERCs?

This will be discussed further with EPA.

Why was SB 784 adopted?

El Paso benefits from emission reductions in the adjacent Ciudad Juarez, but El Paso may soon be designated as attainment for ozone, carbon monoxide, and particulate matter. SB 784 allows the continued generation of credits based on the health benefit of the reduction on an air contaminant.

Is the removal of DERCs a devaluation of an existing commodity?

The staff will examine this.

Can facilities that were shutdown to generate DERCs be re-started?

Yes, but this will require a new permitting review.

ATTENDEES

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TCEQ Austin Campus, Bldg C, Room 131

<u>**Sign-In Sheet**</u>

Attendee Name
Carlos Davis
Sara McDowell
Julie Clifford
Gary G. Long
Michael Boydston
Adina Wiley
Chris Benton
PATRICK MULLIN
Patrick Lee
Laura Uribarri
GREG NEWMAN
Karen Olk
Rod Johnson
Pete Bella
Jolie Kahn
Whitney Smith