



2022 Emission Reduction Credit Transfer Staff Report **Pacific Gas and Electric Company**

Shasta County Air Quality Management District
1855 Placer Street, Suite 101
Redding, CA 96001

SUMMARY:

Pacific Gas & Electric Company (PG&E) operates a natural gas distribution pipeline network within the state of California. Integrated into this natural gas distribution pipeline are a series of compressor stations utilized to maintain constant pressure and flow. A Solar Titan, 130 compressor turbine, located at the Gerber Compressor Station in Tehama County was installed in 2002. The Permit to Operate, issued by the Tehama County Air Pollution Control District (TCAPCD), included a NO_x limit of 25 tons/year for the compressor turbine. The Permit to Operate also included the stipulation that if the NO_x limit was exceeded, the facility would be required to apply Emission Reduction Credits (ERCs). In 2021, testing discovered that the compressor turbine emitted greater than 25 tons/year of NO_x. As a result, PG&E is requesting, pursuant to *California Health and Safety Code* (HSC) Section 40709.6, that the Air Pollution Control Board of the Shasta County Air Quality Management District (SCAQMD) approve an inter-district transfer of up to 15 tons (7,500 lbs./calendar quarter) of PG&E owned ERCs from the SCAQMD bank to the TCAPCD. PG&E will then ask the TCAPCD to retire the amount of ERC's necessary to fulfill the offset requirements of their New Source Review Rule.

DISCUSSION:

HSC Section 40709.6 allows for the offset of emissions at a stationary source located in one air district with emissions reduction credited to a stationary source in another air district as long as both stationary sources are located within the same air basin. Accordingly, the PG&E ERCs which originated from the installation of a cleaner compressor turbine at the Burney Compressor Station and the Gerber Compressor Station at which the ERCs would be transferred to, are both located in the Sacramento Valley Air Basin. Furthermore, HSC Section 40709.6(d) stipulates that inter-district ERC transfers must be approved by a resolution adopted by the governing boards of both air districts.

Per HSC Section 40709.6(b), TCAPCD will not grant the request to increase the permitted NO_x emission limit unless TCAPCD determines that the project complies with all relevant rules

pertaining to TCAPCD's New Source Review Rule including an evaluation demonstrating that the proposed increase in the facility's emissions will not cause a significant adverse effect on air quality within the Sacramento Valley Air Basin.

The proposed transfer of the banked NOx ERCs will result in a long-term net air quality benefit for the Sacramento Valley Air Basin. Per HSC Section 40709.6(c)(2), TCAPCD's New Source Review Rule requires an offset ratio of 2 to 1 which ensures that a greater amount of banked ERCs will be used than pollutant ultimately emitted. Additionally, SCAQMD Rule 2:2, Emission Reduction Credits and Banking Rule, requires that before any ERCs are initially granted, the District shall take 5% before being deposited into the ERC Bank

The proposed action is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines section 15308 as a regulatory process involving procedures for protection of the environment.

A 30-day public notice of the proposed action was published in the Redding Record Searchlight newspaper on May 12, 2022