



FACT SHEET
(September 7, 2010)
Rule 433, Rice Straw Emission Reduction Credits

Action Taken: The Butte County Air Quality Management District (District) Governing Board adopted Rule 433, *Rice Straw Emission Reduction Credits (ERCs)*, which sets forth a program to ensure federal recognition of ERCs generated from reductions in rice straw burning and establishes procedures for the application, evaluation, and issuance of ERCs certificates.

Background: Rice straw burning in the Sacramento Valley was “phased down” pursuant to state law adopted in 1991 (California Health & Safety Code 41865). In the mid 1990’s, the District previously accepted applications for ERCs from rice straw burning; however, the District lacked an acceptable rule approved by the United States Environmental Protection Agency (EPA), and the application reviews were not completed. If issued, the EPA would not have recognized the credits as being valid offsets for “federal purposes” (i.e. for major modification projects or new major stationary sources). The District has participated with other districts to develop a rule acceptable to EPA. This process, in conjunction with the pending designation of Butte County as non-attainment for the 8-hour ozone ambient air quality standard, has made the review and issuance of these ERCs certificates significant.

Who is Eligible? Applying for rice straw ERCs is voluntary; only those growers who wish to receive an ERC certificate need to apply. There will be two (2) types of applications: new applications and re-certification applications. Those parties who previously applied to bank rice straw ERCs may apply to “re-certify” their request for certificates. Any other parties who can substantiate that they grew and burned rice straw during the 1988 - 1992 baseline period may submit a “new” banking application to obtain credits. Rule 433 limits the total number of bankable acres to 67,413. This number is based on records of rice planted and grown during the baseline period and establishing a historic burn fraction of 1.00.

What requirements are in Rule 433?

- A new application will be required to bank ERCs under this program. All applications must be received within 4 months of rule adoption. This schedule is necessary to ensure review and issuance of the ERCs prior to any modeling demonstration for attainment purposes.
- The Rule requires an application fee for each parcel and or each contiguous group of parcels and fees are required for the evaluation and issuance of the ERC certificates.
- In order to satisfy EPA’s requirements, the applicant must limit, by deed restriction, to burning no more than 25% of the rice growing acreage on each parcel in any calendar year prior to the issuance of an ERC certificate. **Once a deed restriction is filed on a parcel or group of parcels, EPA will not allow it to be removed to ensure that the reductions are permanent. In other words, a grower cannot change his mind and surrender certificates in the future to remove the restriction and resume burning.**
- The District must publish notice in a local newspaper of the intent to issue any ERC certificates.

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- Each applicant must demonstrate that rice was grown and was burned on the property during the baseline period between 1988 and 1992. The Rule allows for several mechanisms to achieve this requirement including using sworn affidavits; however, applicants with verifiable records (copies of burn permits, etc.) may be given precedent over less substantiated claims if the allowable acres are exceeded. Previous applicants may use documentation from the original application; however, the application may need to be supplemented with additional documentation to satisfy the requirements of the EPA-approved rule.
- The emission rates and quarterly burn fractions are established by Rule 433.
- The maximum percentage of acres for federally recognized credits is 75% of the total parcel acreage that was burned. If a parcel (or group of contiguous parcels) contains 1000 acres, the emission reductions would be calculated on a maximum of 75% of the total acreage or 750 acres.
- Areas not planted with rice during the baseline period must be discounted or excluded from the acres eligible for ERCs. For example, if a parcel of 1000 acres includes 200 acres of farm buildings and unfarmed area, then this is subtracted from the total eligible acres to bank. From the remaining 800 acres, the ERCs could be based on a maximum of 600 acres. When placing the deed restriction on this scenario, EPA has required that the total allowed acres to be burned be limited to the remaining 25% (or 200 acres in this case) or that a meets and bounds description of the restricted portion be added to the deed restriction.

How do I apply?

District staff developed a checklist to assist re-certifying and new applicants in submitting a complete application. Applications forms are being revised to incorporate the requirements of the new Rule and will be available shortly. District staff will contact previous applicants and other interest growers in September with updated information.

Timeline:

- October 5, 2010: Application forms available.
- January 1, 2011: Application deadline.
- Summer, 2011: ERC certificate issuance and initial attainment planning demonstration.

For More Information: Visit the District website at www.bcaqmd.org or contact David Lusk at (530) 891-2882, ext. 113 or via email at dlusk@bcaqmd.org.