

**AIR POLLUTION CONTROL DISTRICT  
COUNTY OF SAN DIEGO**

**PROPOSED NEW RULE 27.1 – FEDERAL REQUIREMENTS FOR THE SAN DIEGO  
COUNTY AIR POLLUTION CONTROL DISTRICT’S ALTERNATIVE MOBILE  
SOURCE EMISSION REDUCTION PROGRAM APPROVED ON SEPTEMBER 8, 2000**

**WORKSHOP REPORT**

A workshop notice was mailed to all companies and government agencies in San Diego County that may be subject to the proposed new Rule 27.1 – Federal Requirements for the San Diego County Air Pollution Control District’s Alternative Mobile Source Emission Reduction Program Approved on September 8, 2000. Notices were also mailed to all Economic Development Corporations and Chambers of Commerce in San Diego County, the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (ARB), and other interested parties.

The workshop was held on May 7, 2008, and was attended by 9 people. The comments and District responses are provided below:

**1. WORKSHOP COMMENT:**

Does the phrase “owners of mobile sources that form the basis of a mobile source emission reduction credit (MERC)” refer to the owners of the physical mobile sources or the owners of the MERC generated by those mobile sources?

**DISTRICT RESPONSE:**

The phrase refers to the owners of the physical mobile sources.

**2. WORKSHOP COMMENT:**

Subsection (b)(8) of the proposed rule requires written EPA authorization before a mobile source emission reduction credit (MERC) can be used. Can EPA approve the credits before they have approved the rule and incorporated it in the State Implementation Plan (SIP)?

**DISTRICT RESPONSE:**

Based on discussions with EPA staff, any approval of a MERC pursuant to Subsection (b)(8) cannot be final until the date the rule is formally incorporated into the SIP. However, EPA could review a MERC before that date and issue an approval contingent on their final approval of the rule and its incorporation in the SIP.

**3. WORKSHOP COMMENT:**

When will the proposed rule be incorporated in the SIP?

**DISTRICT RESPONSE:**

The District plans to submit the proposed rule for adoption to the San Diego Air Pollution Control Board (Board) in a public hearing as soon as possible. If the proposed rule is adopted by the Board, the adopted rule will subsequently be submitted to EPA, through the California Air Resources Board (CARB), for approval and incorporation into the SIP. The process to incorporate the rule into the SIP could be completed as quickly as three months from the date it is submitted to EPA based on discussions with EPA staff. However, both the Board adoption and EPA approval is contingent on their own considerations of the rule, including any public comments that might be received.

**4. WORKSHOP COMMENT:**

Can Subsection (b)(7) be clarified to indicate that, for a facility that has a permit condition requiring it to reduce emissions at some point in the future, the term “credit is valid for the lifetime of the project” can be interpreted to mean the credit need only be valid until the date emissions are limited in the future.

**DISTRICT RESPONSE:**

The District does not believe such a clarification is necessary. If a permit contains a practicably enforceable permit limit that, at some future date, reduces the potential to emit below an initially permitted level for the equipment covered by the permit, the District would consider one “project” to be operating the facility with the initial higher potential to emit and the operation after that future date at a lower potential to emit a second project. In this case, the lifetime of the first project would only be until the date the permit condition requires reducing the potential to emit. The lifetime of the second project would be considered unlimited.

In this situation, if emission offsets are required, sufficient emission reduction credits must be surrendered before the equipment begins operating that are valid for at least the lifetime of the first project to offset the initial higher potential to emit. Moreover, sufficient permanent emission reduction credits must be surrendered before the equipment begins operating to fully offset the second project. Some of the credits could fulfill the requirements for both projects if they were permanent.

For example, suppose an electrical generating plant has an initially permitted limit on oxides of nitrogen (NOx) emissions of 100 tons per year, but the plant’s permit contains a practicably enforceable condition requiring that NOx emissions be reduced to 50 tons per year 20 years after the plant begins operation. One-hundred twenty (120) tons of emission offsets would be required pursuant to new source review rules to offset the initial potential to emit of 100 tons for 20 years, and 60 tons of emission offsets would be required for all future operations after 20 years. Therefore, the plant owners would have to surrender a total of 120 tons of emission reduction credits, either MERCs or traditional emission reduction credits, before the plant began operating. Of these credits, credits representing at least 60 tons of emission reductions would have to be

permanent credits, while credits representing the remaining 60 tons of emission reductions could have a finite lifetime but would have to be valid for at least 20 years. All of these credits would be valid for the lifetime of the first project (offsetting 100 tons of NO<sub>x</sub> emissions for 20 years) and the permanent credits would be valid for offsetting the second project (offsetting 50 tons of emissions for the remainder of the plant's lifetime).

**5. WORKSHOP COMMENT:**

In Subsection (e)(1), does the term "most stringent emission factor" with respect to replacement engines mean the highest or lowest emission factor?

**DISTRICT RESPONSE:**

The most stringent emission factor is the lowest emission factor.

**6. WORKSHOP COMMENT:**

If an engine in one of the mobile sources forming the basis of a MERC is replaced with an engine with a lower emission factor, could additional MERC credits be generated?

**DISTRICT RESPONSE:**

Proposed new Rule 27.1 limits the types of projects that can be used to generate credits in Subsections (b)(4) to replacing existing medium heavy-duty (MHD) vehicles and existing heavy heavy-duty (HHD) vehicles in refuse collection applications that are powered with diesel-fueled compression-ignition engines with new vehicles powered with gaseous fuel, and the repowering of marine vessels that are powered with diesel-fueled compression-ignition engines with new compression-ignition engines that are fueled with diesel or an alternative clean fuel. No further MERC credits could be created by replacing engines (or vehicles) powering MHD or HHD vehicles in refuse collection that already form the basis of a MERC since those engines would already be gaseous-fueled and the project (replacing one gaseous-fueled engine with another) would not meet the criteria specified in Subsection (b)(4).

Potentially, an owner of the mobile source could apply for additional MERCs created by repowering a marine vessel that already forms the basis of a MERC with a lower emitting engine. However, only emission reductions that are surplus to existing or proposed federal or state regulations applicable to the marine engines used to repower the vessel at the time of that application could be claimed. In addition, any such credits would have to be approved before being used by EPA, pursuant to Subsection (b)(8) of the proposed new rule. Obtaining such an approval may be difficult, considering EPA's evolving position on the creation and use of MERCs in general.

**7. WORKSHOP COMMENT:**

Does the rule require records to be kept for 20 years or five years, and how would Rule 27.1 affect record retention required by the existing Alternative Program?

**DISTRICT RESPONSE:**

Subsection (f)(1) of proposed new Rule 27.1 requires calendar quarterly records for certain items or activities be collected and recorded for a period of 20 years from the date the MERC is eligible to be used to offset emissions. Each of these records must be retained for five years from the date they are created. The existing Alternative Program only requires that these same records be collected and recorded for the lesser of the lifetime of the credit or 20 years. They still have to be retained for a period of five years from the date of their creation. The more stringent requirement in proposed new Rule 27.1 would only affect MERCs with a lifetime less than 20 years.

Subsection (f)(2) of proposed new Rule 27.1 would require calendar quarterly records associated with activity monitoring be collected and recorded for a period of 10 years, which is the same requirement that is in the existing Alternative Program. However, the proposed new rule requires that all of these records be retained [Subsection (f)(5)] for a period of 15 years from the start of the activity monitoring period (or effectively until five years after the end of the 10-year activity monitoring period). The existing Alternative Program only requires that these records be retained for five years from the date of their creation.

**8. POSTWORKSHOP WRITTEN COMMENT:**

We are a holder of a MERC Certificate but we do not know the mobile sources for this MERC. The certificate was transferred to us by a third party entity. My understanding is that we do not have to do recordkeeping and reporting under this circumstance. If this is not true, what is our obligation under this new rule, if any?

**DISTRICT RESPONSE:**

You are correct that you are not required to do any recordkeeping or reporting by virtue of simply being the owner of the MERC since you do not own or operate any of the mobile sources that form the basis of the MERC. However, should you use the MERC (i.e., surrender it to provide NOx emission offsets pursuant to new source review requirements) within 10 years of its date of issuance, you would have to perform calculations to determine if the emission reductions represented by the MERC are actually being achieved by the mobile sources. These calculations would be based on the activity level monitoring that is required for the owners of the mobile source or sources forming the basis of the MERC. You should currently be receiving quarterly reports on the activity level monitoring from those owners.

**9. EPA COMMENT:**

The current proposed title of Rule 27.1 – "Federal Requirements for Owners Of Mobile Sources that Generate Credits Under the San Diego County Air Pollution Control District's 'Alternative Mobile Source Emission Reduction Program For Replacing Medium And Heavy Heavy-Duty Diesel Powered Vehicles and Repowering of Marine Vessels Under Rule 27 (c)(1)(vi)' as Approved on September 8, 2000, and Conditions For Use of Such Credits" is unreasonably long and cumbersome. This appears to be more a description of the rule, rather than a title. We recommend changing the rule title to "Alternative MERC Program" or some other short descriptive phrase, and then adding a definition for this term that consists of the current proposed rule title.

**DISTRICT RESPONSE:**

The District has changed the rule title to "Federal Requirements for the San Diego County Air Pollution Control District's Alternative Mobile Source Emission Reduction Program Approved on September 8, 2000."

**10. EPA COMMENT:**

Subsection (b)(5) contains a reference to Rule 20.3, Major Stationary Sources and PSD Stationary Sources, which is not approved into the San Diego SIP. We generally cannot approve rules that contain references to other non-SIP approved rules. To resolve this issue, EPA suggests deleting all of the language after "Clean Air Act §173."

**DISTRICT RESPONSE:**

The District agrees. Subsection (b)(5) as been revised accordingly.

**11. EPA COMMENT:**

Subsections (d)(1)(i) and (d)(2)(i) should be revised to properly identify "Baja California" as "Baja California, Mexico."

**DISTRICT RESPONSE:**

The District agrees. Subsections (d)(1)(i) and (d)(2)(i) have been revised accordingly.

**12. EPA COMMENT:**

We recommend revising sections (d)(1)(iii) and (d)(2)(iii) to clarify if the term "Air Pollution Control Officer" is the officer for the District or the South Coast Air Quality Management District.

**DISTRICT RESPONSE:**

The term "Air Pollution Control Officer" in Subsections (d)(1)(iii) and (d)(2)(iii) refers to the Air Pollution Control Officer of the San Diego County Air Pollution Control District. In addition, the District has added a reference to Rule 2—Definitions—in Section (c) for terms not otherwise defined in the rule, such as "Air Pollution Control Officer."

**13. EPA COMMENT:**

The last sentence in section (f)(1) states that "for any mobile sources that are subject to an approved enhanced maintenance program, the owner of the mobile source shall provide copies of these records in the manner specified in the enhanced maintenance program." EPA notes that the MERC certificates specifically excludes the submittal of maintenance records and instead requires them to be maintained on site. To clarify the language in this section, please provide a definition of what constitutes an "enhanced maintenance program," and revise the wording to clarify which records specifically need to be maintained for mobile sources subject to the enhanced maintenance program.

**DISTRICT RESPONSE:**

The District has clarified Section (f)(1) to indicate that an enhanced maintenance program might require additional recordkeeping and additional or more frequent reporting. In addition, a definition of the term "approved enhanced maintenance program" has been added to Section (c). The District notes that the MERC certificates applicable to the creation of MERCs partially based on an enhanced maintenance program require that the owner of the mobile source(s) that form the initial basis of the MERC to maintain the mobile source(s) in accordance with the maintenance and anti-tampering procedures of the enhanced maintenance program. For purposes of this rule and the Alternative Program, the District interprets the term "procedures" to include the additional recordkeeping and reporting required by the enhanced maintenance program.

**14. EPA COMMENT:**

Section (f)(4) of the proposed rule states that "each mobile source that forms the basis of a MERC shall be equipped with a nonresettable totalizing clock hour meter, a nonresettable totalizing odometer—except for marine vessels, and any other device specified by the Air Pollution Control Officer that is necessary to monitor ongoing emission reductions or mobile source employment." It is not clear if the phrase "except for marine vessels" only applies to the

requirement for the odometer or also the clock hour meter. We recommend revising this language to clarify which types of mobile sources are to be equipped with which types of monitoring devices.

**DISTRICT RESPONSE:**

The District disagrees. The District believes that Section (f)(4) is clear as written since the phrase “—except for marine vessels” occurs inside the series rather than at the end of the series, and also is clearly included only with the series element concerning odometers. Marine vessels are not required to install odometers to comply with Section (f)(4).

**15. EPA POSTWORKSHOP COMMENT:**

As you are aware, the fundamental purpose of proposed Rule 27.1 is to ensure federal enforceability of the MERCs that were used for the Otay Mesa power plant project. We have determined that because the Authority to Construct (ATC) refers back to various portions of the "Alternative MERC Program..." as approved on September 8, 2000, and these portions are necessary to ensure compliance and thus enforceability, it will also be necessary to include these various portions into Rule 27.1. These portions may be included by inserting the text of the specific portions or by including them in the rule by reference, and including an Appendix to the rule—with the Appendix consisting of the Alternative MERC program.

Based on our review, we believe the following portions of the Alternative MERC program must be included in proposed Rule 27.1:

1. Section (c), to the extent necessary
2. All of Section (d)
3. All of Section (e)
4. Sections (f)(1) and (f)(2)
5. All of Section (h)
6. All of section (o)

**DISTRICT RESPONSE:**

The District agrees. Section (a) has been revised to incorporate the recommended portions of the Alternative Program by reference (i.e., portions of “Alternative Mobile Source Emission Reduction Program for Replacing Medium and Heavy Heavy-Duty Diesel Powered Vehicles and Repowering of Marine Vessels under Rule 27 (c)(1)(vi)” as approved on September 8, 2000).

**16. ARB COMMENT:**

There were no comments from ARB.

**~~PROPOSED RULE 27.1—FEDERAL REQUIREMENTS FOR OWNERS OF MOBILE SOURCES THAT GENERATE CREDITS UNDER THE SAN DIEGO COUNTY AIR POLLUTION CONTROL DISTRICT’S “ALTERNATIVE MOBILE SOURCE EMISSION REDUCTION PROGRAM FOR REPLACING MEDIUM AND HEAVY HEAVY-DUTY DIESEL POWERED VEHICLES AND REPOWERING OF MARINE VESSELS UNDER RULE 27(C)(1)(VI)” AS APPROVED ON SEPTEMBER 8, 2000, AND CONDITIONS FOR USE OF SUCH CREDITS~~**  
*(date of adoption)*

**(a) APPLICABILITY**

(1) The requirements of this ~~document~~ rule shall apply to owners of mobile sources that form the basis of a mobile source emission reduction credit (MERC) created under the San Diego County Air Pollution Control District’s (District) program entitled, “Alternative Mobile Source Emission Reduction Program for Replacing Medium and Heavy Heavy-Duty Diesel Powered Vehicles and Repowering of Marine Vessels under Rule 27 (c)(1)(vi)” as approved on September 8, 2000, ~~hereinafter referred to as the “Alternative Program”~~, and to the use of such credits by owners or operators of stationary sources to satisfy federal New Source Review (NSR) offset requirements. –The following portions of the Alternative Program are incorporated herein by reference in their entirety:

(i) Sections (d), (e), (h), and (o);

(ii) Subsections (f)(1) and (f)(2); and

(iii) Subsections (c)(2), (c)(4), (c)(5), (c)(6), (c)(11), (c)(16), (c)(20), (c)(30), (c)(32), (c)(36), (c)(39), and (c)(40).

(2) Owners of the mobile sources that form the basis of a MERC shall satisfy all applicable requirements before a MERC is eligible to be used as a NSR offset.

**(b) CONDITIONS FOR USE AS NSR OFFSETS**



Mobile source emission reduction credits (MERCs) created under the Alternative Program shall be eligible for use to meet federal requirements ~~under the Alternative Program~~ only if all of the following conditions are satisfied:

- (1) The owner of the mobile source that generates the credit applied for the credit;
- (2) Credit has been granted only for emission reductions of oxides of nitrogen (NO<sub>x</sub>) determined according to Sections (d) and (e) of the Alternative Program;
- (3) The credit is generated by mobile sources that operate solely in San Diego County or Near-Shore San Diego Coastal Waters;
- (4) The credit is generated by one of the following mobile source emission reduction projects:
  - (i) Replacement of existing medium heavy-duty (MHD) vehicles that are powered with diesel-fueled compression-ignition engines with new MHD vehicles powered with spark-ignition or compression-ignition engines that are fueled with gaseous fuel;
  - (ii) Replacement of existing heavy heavy-duty (HHD) vehicles in refuse collection applications that are powered with diesel-fueled compression-ignition engines with new HHD vehicles powered with spark-ignition or compression-ignition engines that are dual fueled or fueled with gaseous fuel; or
  - (iii) Repowering of marine vessels that are powered with diesel-fueled compression-ignition engines with new compression-ignition engines that are fueled with diesel or an alternative clean fuel;
- (5) The credit is not used to satisfy any federal requirement except to provide NSR offsets for NO<sub>x</sub> emission increases as set forth at Clean Air Act §173, ~~as implemented by District Rule 20.3—Major Stationary Sources and PSD Stationary Sources—Subsection (d)(5), as adopted on November 4, 1998, or subsequent implementations of federal NSR by the District and approved by the U. S. Environmental Protection Agency;~~
- (6) The credit is not used as an interpollutant offset;
- (7) The credit is valid for the lifetime of the project for which it is surrendered to provide federal NSR offsets; and
- (8) The credit is only used pursuant to written authorization from the Air Division Director, United States Environmental Protection Agency, Region IX, to the Air Pollution

Control Officer, or their legal successors, finding that the credit is based on emission reductions that are real, quantifiable, surplus, permanent, and enforceable.

(c) **DEFINITIONS**

Terms used in this rule or in the incorporated portions of the Alternative Program but not defined in this Section (c) or in the incorporated portions of the Alternative Program shall have the same meaning as in Rule 2—Definitions.

(1) "**Activity Metric**" means a parameter that is representative of the extent of a mobile source's use and, in conjunction with an emission factor, used to quantify emission reductions during a period of time. Activity metrics are vehicle miles traveled (VMT), volume or mass of fuel burned, or time of operation.

(2) "**Approved Enhanced Maintenance Program**" means a maintenance program approved by the California Air Resources Board that allows a higher baseline emission factor to be used in creating a MERC pursuant to Subsection (d) of the Alternative Program including any recordkeeping and reporting requirements of that program that are in addition to, or in more specificity, to those already required by this rule.

(23) "**Baseline Activity Level**" means the quantity of an activity metric used to quantify annual emissions generated within the District or Near-Shore San Diego County Waters by a mobile source during a baseline period.

(34) "**Compression-Ignition**" means relating to a type of engine with operating characteristics that are significantly similar to the theoretical Diesel combustion cycle. The absence of a throttle to regulate intake air flow for controlling power during normal operation is indicative of a compression-ignition engine.

(45) "**Diesel Fuel**" means any fuel that is commonly or commercially known, sold, or represented as diesel fuel No. 1-D or No. 2-D.

(56) "**Dual-Fuel Vehicle**" means a vehicle designed to be operated simultaneously on gaseous fuel and diesel fuel, or diesel fuel alone.

(67) "**Equivalent Mobile Sources**" means a group of mobile sources owned by the same person or persons for which a single MERC certificate has been issued representing the combined emission reductions of all the mobile sources in the group.

(78) "**Gaseous Fuel**" means fuel existing as a gas at standard conditions including, but not limited to, natural gas, methane, ethane, propane, butane, and gases stored as a liquid at high pressure such as liquefied petroleum gas.

(89) **“Heavy-Duty Vehicle”** means any motor vehicle having a manufacturer’s gross weight rating greater than 6,000 pounds, except passenger cars.

(910) **“Heavy Heavy-Duty Vehicle”** means a heavy-duty vehicle that is propelled by a heavy heavy-duty engine as defined in 40 CFR § 86.085-2, as amended November 16, 1983.

(4011) **"Low NOx Rebuild Engine"** means a Low NOx Rebuild Engine, as defined in the applicable Settlement Agreement.

(412) **"Low NOx Rebuild Kit"** means a Low NOx Rebuild Kit, as defined in the applicable Settlement Agreement.

(4213) **"Low NOx Rebuild Program"** means the Low NOx Rebuild Program, as described in the applicable Settlement Agreement, except that the date by which a vehicle must be equipped with a Low NOx Rebuild Kit is modified under this alternative program to the sooner of the date an engine is deployed outside of San Diego County or the date the accumulated mileage or service event criteria specified in the applicable Settlement Agreement is satisfied.

(4314) **"Medium Heavy-Duty Vehicle”** means a heavy-duty vehicle that is propelled by a medium heavy-duty engine, as defined in 40 CFR § 86.085-2, as amended November 16, 1983.

(4415) **"MERC Activity Monitoring Period"** means the ten year period that a MERC is subject to activity monitoring. The MERC activity monitoring period begins on the first day of the first calendar quarter following the date the MERC is granted by the District.

(4516) **"MERC Creation Date"** means the date on which the action is taken to create the emission reductions on which the MERC is based. For replacement of medium or heavy heavy-duty diesel powered vehicles, the MERC creation date is the date that the replacement vehicle is delivered to the owner of the vehicle that is being replaced. For repowering of marine vessels, the MERC creation date is the date that the vessel first takes to sea under the power of the replacement engine.

(4617) **"MERC Project"** means one or more MERCs that are based on equivalent mobile sources.

(4718) **"Mobile Sources that Form the Basis of the MERC "** means the mobile source, or group of equivalent mobile sources, that generates the emission reductions that are represented by the MERC, including all subsequent replacements or repowerings of those mobile sources.

(4819) **"Near-Shore San Diego Coastal Waters"** means the area of water lying within all harbors, bays, inlets, and estuaries in the jurisdiction of the San Diego County Air Pollution Control District, and the area of water bounded by latitude N 33° 20' 10" on the north and by the oceanward extension of the United States-Mexico International Boundary

on the south, and lying within 25 English statute miles oceanward of lines drawn in front of all harbors along the outermost works and installations thereof; 25 English statute miles oceanward of lines drawn from headland to headland across the mouth of each bay, inlet, and estuary, regardless of the length of lines; and, where there are no harbors, bays, estuaries, or inlets, 25 miles oceanward of the lowest low-water mark on the shore.

(1920) **"Ongoing Activity Metric"** means an activity metric that is not expected to change in magnitude between baseline operations and projected operations in a MERC Project, if the nature and operational mode of a mobile source's use does not change. Ongoing activity metrics include hours of operation and vehicle miles traveled.

(2021) **"Projected Activity Level"** means the quantity of an activity metric that is used to quantify forecast annual emissions generated within the District or Near-Shore San Diego County Waters by a mobile source during its use in a proposed MERC Project.

(2422) **"Settlement Agreement"** means one of the following, as applicable: Settlement Agreement Between the California Air Resources Board and Caterpillar Inc., as signed on December 15, 1998; Settlement Agreement Between the California Air Resources Board and Cummins Engine Company, Inc., as signed on December 15, 1998; Settlement Agreement Between the California Air Resources Board and Detroit Diesel Corporation, as signed on December 15, 1998; Settlement Agreement Between the California Air Resources Board and Mack Truck, Inc. & Renault V. I., s. a., as signed on December 15, 1998; Settlement Agreement Between the California Air Resources Board and Volvo Truck Corporation, as signed on December 15, 1998; or Settlement Agreement Between the California Air Resources Board and Navistar International Transportation Company, as signed on October 22, 1998.

(d) **DISPOSAL OF ORIGINAL ENGINES**

In all cases, the original engine of a mobile source that is repowered or replaced as part of a MERC project shall not be operated in San Diego County and shall be permanently removed from San Diego County or destroyed. For engines that are destroyed, the engines must be destroyed and disposed of in a manner that complies with all applicable federal, state, and local laws. For engines that are not destroyed, the engine shall be disposed of as specified in Subsections (d)(1)–and (d)(2).

(1) For an original engine that is a Low NOx Rebuild Engine, the engine shall be sold and/or permanently relocated, separately or as part of a mobile source, to a location:

(i) Outside of California and Baja California, Mexico;

(ii) Within California but outside the boundaries of the South Coast Air Basin, provided that prior to beginning operations outside of San Diego County, the engine is equipped with a Low NOx Rebuild Kit in accordance with the applicable Low NOx Rebuild Program; or

(iii) Within the boundaries of the South Coast Air Basin, provided that prior to beginning operations outside of San Diego County, the engine is equipped with a Low NOx Rebuild Kit in accordance with the applicable Low NOx Rebuild Program, and the mobile source's owner provides a demonstration approved by the Air Pollution Control Officer, the Air Resources Board, and the U. S. Environmental Protection Agency that the air quality of the South Coast Air Basin will not be degraded from the relocation and operation of the mobile source.

(2) For an original engine that is not a Low NOx Rebuild Engine, the engine shall be sold and/or permanently relocated, separately or as part of a mobile source, to a location:

(i) Outside of California and Baja California, Mexico;

(ii) Within California but outside the boundaries of the South Coast Air Basin;  
or

(iii) Within the boundaries of the South Coast Air Basin, provided that the engine was manufactured after October 1, 2002, and is certified to be in compliance with all applicable South Coast Air Quality Management District, state, and federal emission standards, and the mobile source's owner provides a demonstration approved by the Air Pollution Control Officer, the Air Resources Board, and the U. S. Environmental Protection Agency that the air quality of the South Coast Air Basin will not be degraded from the relocation and operation of the mobile source.

**(e) SUBSEQUENT REPLACEMENT OR REPOWERING OF MOBILE SOURCES THAT FORM THE BASIS OF MERC**

If a mobile source that forms the basis of a MERC granted under this alternative program is itself replaced or repowered at any time during the period of time a credit has been surrendered, or is eligible to be surrendered, to provide NSR offsets, the replacement or repowered mobile source must have an emission factor that is less than or equal to the smaller of the following two emission factors:

(1) The most stringent emission factor derived from any federal or California standard applicable to a new engine for the model year corresponding to the date of the replacement of the engine powering the replacement or repowered mobile source; or

(2) The emission factor of the mobile source that is replaced or repowered.

**(f) RECORDKEEPING AND REPORTING**

(1) For all replacement or repowered mobile sources that form the basis of a MERC, for 20 years following the first time the MERC is eligible to be surrendered to provide NSR offsets:

(i) ~~T~~The owner of the mobile source shall maintain calendar quarterly records of:

(~~i~~A) Location(s) where the mobile source is parked, garaged, or docked when not in operation.

(~~ii~~B) Mobile source and mobile source engine identifications such as Vehicle Identification Number or Hull Number, engine manufacturer model designation, and engine serial number;

(~~iii~~C) Identification of key engine components such as turbocharger, injectors, fuel pump, and electronic control program version;

(~~iv~~D) Engine modifications;

(~~v~~E) Sale, lease, accidental loss, repowering, or replacement, including the identity of the mobile source and mobile source engine involved, and the identity of any mobile source and mobile source engine replacing or repowering the mobile source;

(~~vi~~F) Source testing results and supporting information; and

(~~vii~~G) Engine maintenance;

(ii) ~~Except for engine maintenance records, o~~On or before the last day of the month following each calendar quarter, the owner of the mobile source shall provide copies of these records specified in Subsections (f)(1)(i)(A) through (f)(1)(i)(F) for the preceding calendar quarter to the District and any owner of the MERC, or portion thereof, and any owner or operator of any stationary source for which the MERC, or a portion thereof, has been surrendered to provide a new source review offset.

(iii) ~~In addition, f~~For any mobile sources that are subject to an approved enhanced maintenance program, the owner of the mobile source shall provide records as specified in Subsection (f)(1)(ii), or more frequently if required by the approved enhanced maintenance program. In addition, the owner shall maintain any additional

records in accordance with the approved enhanced maintenance program program and provide copies of ~~these those records records~~ to the District and any owner of the MERC, or portion thereof, and any owner or operator of any stationary source for which the MERC, or a portion thereof, has been surrendered to provide a new source review offset in the manner specified in the enhanced maintenance program.

(2) For all replacement or repowered mobile sources that form the basis of a MERC, beginning at the start of the MERC activity monitoring period and for each of the succeeding ten years, the owner of the mobile source or group of equivalent mobile sources shall maintain calendar quarterly records of:

(i) Activity level in a metric specified in the MERC, as approved by the Air Pollution Control Officer;

(ii) Fuel use;

(iii) Hours of operation for each mobile source in San Diego County; and

(iv) Number, duration, and nature of any trips outside of San Diego County and Near Shore San Diego Coastal Waters for each mobile source.

On or before the last day of the month following each calendar quarter, the owner of the mobile source shall provide copies of these records for the preceding calendar quarter to the District and any owner of the MERC, or portion thereof, and the owner or operator of any stationary source for which the MERC, or a portion thereof, has been surrendered to provide a new source review offset. A cover letter signed by the owner of the mobile sources(s) must accompany the information and must state that the information is true accurate and complete.

(3) Beginning with the MERC creation date, for the period of time the MERC is eligible to be surrendered to provide NSR offsets, or would have been eligible for such surrender if it had not already been surrendered, the owner or operator of any mobile source that forms the basis of a MERC granted under this alternative program shall make the mobile source available for source testing upon written request of the Air Pollution Control Officer, the Air Resources Board, or the U. S Environmental Protection Agency.

(4) Each mobile source that forms the basis of a MERC shall be equipped with a nonresettable totalizing clock hour meter, a nonresettable totalizing odometer—except for marine vessels, and any other device specified by the Air Pollution Control Officer that is necessary to monitor ongoing emission reductions or mobile source employment.

(5) All records shall be maintained at the location the mobile source is parked, garaged, or docked, or, with the advanced written approval of the Air Pollution Control Officer, an alternative location. All records shall be maintained for a period of at least five years from the date of the record except that records required pursuant to Subsection (f)(2)

shall be maintained for at least 15 years from the start of the on-going activity monitoring period.