New La. rules would allow sale of air emission credits

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Proposed new state regulations set procedures for industries to sell their air emission reductions to plants that want to increase their air pollution.

Industries that want to expand in areas such as Baton Rouge, which is not in compliance with federal air regulations, will be able to buy emission reduction credits from other industries, according to Gus Von Bodungen, head of the state’s air quality division.

The credits do not have to be purchased from the same area, but, in some cases, can be purchased from other Louisiana industries as far as 200 miles away, Von Bodungen said.

The regulations also allow plants to trade or bank their emission reduction credits for later use.

The regulations get around problems for which a federal court struck down similar federal regulations. Von Bodungen said. The state regulations require use of a larger amount of emission credits than the amount of the new discharge, which the federal regulations did not do, he explained.

The federal regulations did not satisfy the court because they did not result in a lowering of total pollution, which the new state regulations will do, according to Von Bodungen.

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The U.S. Environmental Protection Agency has reviewed Louisiana's proposed regulations and given the opinion that they will not run into the same problem as the federal regulations, said the state air quality chief.

The state regulations were mandated by an act of the 1981 Legislature, Von Bodungen said.

The purchase of credits will only be important for industries that want to expand in areas that have not attained federal air standards. The federal government proposes to halt industrial expansion in those areas.

That includes East and West Baton Rouge and three parishes in the New Orleans area, and may include a number of other Louisiana parishes for which EPA is seeking more data.

Asked how selling pollution credits can help areas such as Baton Rouge attain federal air quality standards, Von Bodungen said that in some cases one Baton Rouge industry might sell credits to another Baton Rouge industry, which would result in a reduction within the city.

In other cases, the system will reduce the amount of pollution coming into Baton Rouge from areas that have reduced their discharges to bank or sell their emission credits, he said.

As currently written, the regulations appear unclear as to whether they only demand an improvement of air quality in general or require specific improvement for the non-attainment area in which the expansion is to take place. On this point the regulations simply state:

"Offset transactions must demonstrate ambient progress (non-attainment areas)."

In order to expand in a non-attainment area, companies will have to use credits equaling 10 percent more emission tonnage than the new plant or addition will discharge, the air quality chief said.

That, said Von Bodungen, will result in a "net air quality benefit to the state."

The regulations also contain a "bubble concept," that Von Bodungen said is basically the same that is used by EPA.

Under the regulations, a company or companies can use an imaginary bubble to total all discharges in an area so that reductions of emissions in one area of the bubble can be used to make up for higher emissions elsewhere in the bubble.

Companies in Louisiana have previously used the federal bubble concept, and, with the promulgation of the new regulations, will be able to use the state bubble system to reduce paperwork, Von Bodungen said.

He said the proposed regulations will be presented to the Environmental Control Commission later this month and will probably go into effect this summer.