

## DEPARTMENT OF THE NAVY

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**From:** Commander, Western Division, Naval Facilities Engineering Command  
**To:** Commanding Officer, Naval Air Station, Moffett Field, CA

**Subj:** EMISSIONS REDUCTION CREDITS FROM THE CLOSURE OF NAS MOFFETT FIELD

**Ref:** (a) Draft CLEAN AIR ACT EMISSION REDUCTION CREDIT POLICY Memorandum from the Clean Air Act Services Steering Committee dtd 23 April 1993

1. A Memorandum of Understanding between the Department of the Navy (Navy) and the National Aeronautics and Space Administration (NASA) was signed on 22 December 1992 providing for a no-cost transfer of all land, buildings, facilities, infrastructure and other property at NAS Moffett Field and NALF Crows Landing from the Navy to NASA. The purpose of this letter is to address the issue of the possible banking of Emission Reduction Credits resulting from the Navy's transfer of emission sources at NAS Moffett Field.

2. Bay Area Air Quality Management District (BAAQMD) Regulation 2, Rule 4, deals with the topic of Emissions Banking. Per Regulation 2, Rule 4-201, to qualify as an actual emission reduction, the emission reduction must be real, permanent, quantifiable, and enforceable. NASA plans to continue most of the current operations at NAS Moffett Field once the transfer becomes effective. Even though the ownership of the emission sources will transfer from the Navy to NASA, the emission reduction can not be considered permanent, as the emission sources will still be present and unchanged. Per Regulation 2, Rule 4-302.3, the permanency of closures must be demonstrated through the removal of the source from the District, rendering it inoperative, destruction of the source, or by appropriate conditions in the Banking Certificate providing for automatic cancellation of the Banking Certificate if emissions resume and replacement by the applicant of the actual emission reduction if the deposit has been transferred or withdrawn. If the Navy decided to pursue banking of emissions, and was successful in doing so, the fact that the source would still remain would provide for the cancellation of the Banking Certificate and the requirement of the Navy to replace the actual emission reduction. Under the BAAQMD rules previously referenced, it is highly questionable that the Navy would be allowed to bank current emissions at NAS Moffett Field.

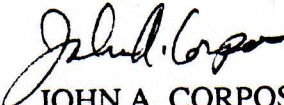
3. Regulation 2, Rule 4-203 limits the bankable pollutants to the following: precursor organic compounds, non-precursor organic compounds, particulate matter, PM 10, sulfur dioxide, nitrogen oxides, and carbon monoxide. The permitted criteria pollutants of significance at NAS Moffett Field are organic compounds (54.9 tons/year emitted) and nitrogen oxides (10.5 tons/year emitted). Per BAAQMD personnel, the present market worth of these two criteria pollutants is approximately \$10,000 per ton/year. If all NAS Moffett Field emissions could be banked, this would equate to an open market value of approximately \$654,000. However, per Regulation 2, Rule 4-201, to qualify as an actual emission reduction, the emissions reduction must be real, permanent, quantifiable, and enforceable. Even though the permitted criteria pollutants, emissions of organic compounds are permitted at 54.9 tons/year, and nitrogen oxides are permitted at 10.5

tons/year, the actual real, quantifiable emissions would be significantly less aforementioned than the permitted emission limits. Per BAAQMD Regulation 2, Rule 2-605, every emission source would have to be analyzed to determine the actual annual emissions generated from the source averaged over the twelve consecutive month period immediately preceding the application date. In many cases, inadequate documentation exists to support calculations as to actual emissions generated, thereby leaving the quantity of bankable emissions to the discretion of the BAAQMD Air Pollution Control Officer. Bankable emissions could be significantly smaller than the permitted emissions limits for organic compounds and nitrogen oxides, with a corresponding substantial decrease to the open market value of these banked emissions.

4. Reference (a) provided the Draft Department of Defense (DOD) Acquisition and Disposal Policy for Clean Air Act Emission Credits for operating installations and for installations subject to the Base Closure process. DOD policy is to treat Emission Reduction Credits (ERC) as Federal personal property and to acquire and dispose of the ERCs in accordance with the appropriate Federal Acquisition and Federal Property regulations governing personal property. Per reference (a), Paragraph D.3, in those instances where real property associated with emission sources is being transferred, and the removal and separate disposal of the ERCs from the real property would significantly diminish the value of the real property, the ERCs can be categorized as "related" personal property and transferred with the real property. Per reference (a), Paragraph D.4b, prior to initiation of the federal property screening process the military department shall consider the needs of other potential recipients of the real property including DOD components, other federal agencies, and community reuse groups, and determine which ERCs will be available for transfer as related property after Operational Needs Requirement ERCs are addressed.

5. To summarize, the transfer of Navy emission sources at NAS Moffett Field to NASA will not result in any permanent emission reductions, simply a change in permit holders. Permitted emissions are a valuable commodity, and to separate them from the emission sources to be transferred to NASA would significantly diminish the value of the real property involved in the transfer. Based on the Reference (a) and BAAQMD Regulation 2, Rule 4 mandates discussed above, it is recommended that the Navy transfer the currently permitted emissions to NASA with the emission sources.

6. Point of contact regarding this issue is Mr. Todd Greene, Code 18CTG, at WESTNAVFACENGCOM (415) 244-2588 or DSN 494-2588.

  
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By direction