

ILLINOIS POLLUTION CONTROL BOARD

January 20, 2000

IN THE MATTER OF:)
)
VEHICLE SCRAPPAGE ACTIVITIES, 35) R00-16
ILL. ADM. CODE 207) (Rulemaking - Air)

Proposed Rule. Proposal for Public Comment.

OPINION AND ORDER OF THE BOARD (by G.T. Girard):

On January 6, 2000, the Illinois Environmental Protection Agency (Agency) filed a rulemaking proposal that would add a new Part to the Board's air regulations. The rulemaking proposal was filed pursuant to Section 13B-30(d) of the Vehicle Emissions Inspection Law of 1995 (Vehicle Emissions Law). 625 ILCS 5/13B-30(d) (1998). Section 13B-30(d) provides in part as follows:

The Agency shall propose procedures, practices, and performance requirements for operation of vehicle scrappage programs by any person that wants to receive credits for certain emissions reductions from these vehicles. *Id.*

The Agency states that by enacting this provision of the Vehicle Emissions Law, the General Assembly found it appropriate to have a voluntary program under which persons could receive credits for reducing air emissions by scrapping older vehicles that emit high levels of pollutants.

The Agency explains that vehicle scrappage activities can reduce emissions by removing older, higher emitting vehicles from service before the vehicle's natural retirement date. According to the Agency, the program achieves emissions reductions based on the difference between emissions that would have been generated from a retired vehicle over its remaining useful life and the emissions that will be generated by a replacement vehicle, if any, for this period.

The Agency notes that voluntary vehicle scrappage activities through the proposed rule create creditable emissions reductions that may be used in different regulatory programs. For example, such activities may be used to generate credits under the emissions reduction market system (ERMS), the market-based regulations that the Board adopted to reduce volatile organic material emissions in the Chicago ozone nonattainment area. See Emissions Reduction Market System Adoption of 35 Ill. Adm. Code 205 (November 20, 1997), R97-13.

The Agency emphasizes that participation under the proposed rule is voluntary for both those engaging in vehicle scrappage activities and owners of vehicles eligible for early retirement. The proposal would establish a new Part 207 under which an interested person may obtain credit for emissions reductions from vehicle scrappage activities. To be eligible, a plan must be submitted to the Agency which describes the proposed scrappage activities and

meets the requirements of the Part. Upon receiving Agency approval, the participant may scrap older, higher emitting vehicles and submit claims to the Agency for creditable emissions reductions which may be used in an emissions reduction program.

The Board accepts this proposal for hearing. Because Section 13B-30(d) of the Vehicle Emissions Law requires the Board to adopt rules within 180 days after it receives the Agency's proposal, the Board will, without commenting on the merits of the Agency's proposal, proceed by publishing this proposal in the *Illinois Register* as a proposal for public comment. The hearing officer will establish a deadline for filing public comments. In addition, pursuant to Section 28 of the Environmental Protection Act (Act) (415 ILCS 5/28 (1998)), the Board will hold at least two public hearings during this rulemaking. The Board will hold one hearing in Chicago and one hearing in Springfield at a place and time to be set by the hearing officer. After consideration of the issues raised at the public hearings and in public comments, the Board will publish the adopted rule in the *Illinois Register*.

Section 13B-30(d) of the Vehicle Emissions Law states in part that Section 27(b) of the Act (415 ILCS 5/27(b) (1998)) and the rulemaking provisions of the Administrative Procedure Act (5 ILCS 100/1-1 *et seq.*(1998)) "shall not apply to rules adopted by the Board under this subsection (d)." 625 ILCS 5/13B-30(d) (1998). Accordingly, the Board will not request that the Department of Commerce and Community Affairs conduct an economic impact study of the proposed rule pursuant to Section 27(b) of the Act. Nor will the Board submit the proposed rule for first or second notice pursuant to Section 5-40 of the Administrative Procedure Act (5 ILCS 100/5-40 (1998)). The Board will, however, hold public hearings and solicit public comment as described above.

The hearing officer assigned to this matter is directed to schedule public hearings pursuant to Section 28 of the Act. Further, the proposal shall be published as a proposal for public comment in the *Illinois Register*. The Board also notes that hearing transcripts and the Board's opinions and orders in this rulemaking, including this opinion and order, will be available on the Board's web page (www.ipcb.state.il.us/).

Lastly, the Agency filed a motion for waiver of requirements. Specifically, the Agency seeks leave to provide the Attorney General's Office with a limited copy of the proposal and leave to not serve the Department of Natural Resources with a copy of the proposal. The Agency indicates that the Attorney General's Office and the Department of Natural Resources do not object to the motion. The Board hereby grants the motion.

ORDER

The Board directs the Clerk to cause the filing of the following with the Secretary of State for publication in the *Illinois Register* as a proposal for public comment.

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CHAPTER I: POLLUTION CONTROL BOARD
SUBCHAPTER b: ALTERNATIVE REDUCTION PROGRAMS

PART 207
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AUTHORITY: Implementing and authorized by the Vehicle Emissions Inspection Law of 1995 [625 ILCS 5/13B-30(d)] and the Illinois Environmental Protection Act [415 ILCS 5/5, 10, 27, 28 and 39].

SOURCE: Adopted in R00-16 at ___ Ill. Reg. _____, effective _____.

SUBPART A: GENERAL PROVISIONS

Section 207.100 Purpose

- a) This Part sets forth the procedures and performance requirements to be followed when conducting vehicle scrappage activities within the State of Illinois for the purpose of receiving Creditable Emissions Reductions (CERs).
- b) This Part is designed to achieve the following objectives:
 - 1) Provide an option for regulated sources and interested parties to achieve emissions reductions;
 - 2) Ensure compatibility with applicable guidance for vehicle scrappage activities developed by the United States Environmental Protection Agency (USEPA);
 - 3) Provide vehicle scrappage training to help ensure that vehicle scrappage activities conducted to generate CERs are only managed by qualified individuals; and
 - 4) Strike an equitable balance among various parties that may be interested in vehicle scrappage, including regulated sources, potential sponsors of scrappage activities, owners of vehicles eligible to be scrapped, vehicle collectors, automotive rebuilders and other interest groups.

Section 207.102 Definitions

Unless otherwise specified in this Part and unless a different meaning of a term is clear from its context, the definitions for the terms used in this Part shall be the same as those found in the Environmental Protection Act [415 ILCS 5/1 *et seq.*] or in 35 Ill. Adm. Code Parts 211 or 240. As used in this Part, the following terms have the meanings set forth below:

“Creditable Emissions Reductions” or “CER” means a unit of emissions reductions based on vehicle retirement activities in accordance with an Agency-approved vehicle scrappage plan.

“Eligible vehicle” means any vehicle that qualifies for retirement in a vehicle scrappage project or program as specified in Section 207.304 of this Part.

“Emissions-related parts” means the engine and other vehicle parts involved with fuel intake, combustion, exhaust, or the control of the evaporation of fuel, which have a direct relation to the type or quantity of emissions produced by the vehicle.

“IM240 Test” means a transient loaded mode exhaust test procedure, as specified in 35 Ill. Adm. Code 276, designed to measure mass quantities of vehicle exhaust emissions of hydrocarbons, carbon monoxide, carbon dioxide and oxides of nitrogen generated during vehicle operation on a chassis dynamometer.

“Light-duty truck 1” means a motor vehicle rated at 6000 pounds maximum gross vehicle weight rate (GVWR) or less and which has a vehicle frontal area of 45 square feet or less, and which is designed primarily for purposes of transportation of property or is a derivation of such a vehicle, or is designed primarily for transportation of persons and has a capacity of more than 12 persons, or is available with special features enabling off-street or off-highway operation and use.

“Light duty truck 2” means a motor vehicle rated between 6001 and 8500 pounds maximum GVWR and which has a vehicle frontal area of 45 square feet or less, and which is designed primarily for purposes of transportation of property or is a derivation of such a vehicle, or is designed primarily for transportation of persons and has a capacity of more than 12 persons, or is available with special features enabling off-street or off-highway operation and use.

“Light-duty vehicle” means a passenger car or passenger car derivative capable of seating twelve passengers or fewer.

“Non-emissions-related parts” means vehicle parts not involved with fuel intake, combustion or exhaust, or the control of evaporation of fuel, and which do not have a direct relation to the type or quantity of emissions produced by the vehicle.

“Recognized repair technician” means a person professionally engaged in vehicle repair, employed by a going concern whose purpose is the repair of vehicles, or possessing a nationally recognized certification for emissions-related diagnosis and repair.

“Vehicle retirement” means the permanent rendering of an eligible vehicle into an inoperable condition, in accordance with this Part and a vehicle scrappage plan.

“Vehicle scrappage” means activities related to the retirement of eligible vehicles for the purpose of receiving CERs under this Part.

“Vehicle scrappage manager” means a natural person who satisfies all qualification requirements specified in Section 207.700 of this Part and is eligible to conduct vehicle scrappage activities pursuant to this Part.

“Vehicle scrappage plan” means a type of plan that satisfies all applicable requirements of Subpart F of this Part and has been approved or sponsored by the Agency under which the vehicle scrappage activities for the applicable vehicle scrappage project or program must be conducted.

“Vehicle scrappage program” means periodic or ongoing vehicle scrappage activities conducted in accordance with the applicable requirements of this Part and a vehicle scrappage plan.

“Vehicle scrappage project” means a one-time vehicle scrappage event conducted in accordance with the applicable requirements of this Part and a vehicle scrappage plan.

“Vehicle scrappage sponsor” means any interested person or entity that satisfies all of the requirements of Section 207.702 of this Part and financially underwrites a vehicle scrappage project or program conducted under this Part.

Section 207.104 Severability

If any Section, subsection, sentence or clause of this Part is judged invalid, such adjudication shall not affect the validity of this Part as a whole or any Section, subsection, sentence or clause thereof not judged invalid.

SUBPART B: APPLICABILITY

Section 207.200 Applicability

This Part applies to vehicle scrappage activities in the State of Illinois conducted to receive CERs and to all persons or entities that are, or desire to be, vehicle scrappage managers, sponsors, or other participants.

SUBPART C: REQUIREMENTS OF VEHICLE SCRAPPAGE PROJECTS AND PROGRAMS

Section 207.300 Scope

Each vehicle scrappage project or program conducted pursuant to the provisions of this Part must satisfy all of the requirements specified in this Subpart.

Section 207.302 Vehicle Scrappage Sponsors and Managers

Each vehicle scrappage project or program shall be financially underwritten by a vehicle scrappage sponsor who satisfies all of the requirements of Section 207.702 of this Part, and shall be directed by a vehicle scrappage manager who satisfies all of the requirements of Section 207.700 of this Part.

Section 207.304 Vehicle Eligibility

Each vehicle that is retired in a vehicle scrappage project or program shall satisfy the following criteria:

- a) Be a light duty vehicle, light-duty truck 1 or light-duty truck 2;
- b) Have been continuously registered with the Illinois Secretary of State for the 12 month period immediately prior to the date of its sale for use in a vehicle scrappage project or program;
- c) If the vehicle will be used to claim CERs that are intended to address a specific pollution problem (e.g., ozone nonattainment), the vehicle must have been registered at an address within an area where emissions reductions are required for the applicable pollutant or pollutant precursor for the 12 month period immediately prior to the date of its sale for use in a vehicle scrappage project or program;
- d) Be legally driven to the collection site in accordance with Chapter 12 of the Illinois Vehicle Code [625 ILCS 5/12];
- e) Be powered by a spark ignition internal combustion engine;
- f) Have arrived at the place of sale under its own power;
- g) Have passed the operability check specified in Section 207.312 of this Subpart; and
- h) Be in compliance with the Illinois vehicle emissions testing program as specified by the Illinois Vehicle Emissions Inspection Law of 1995 [625 ILCS 5/13B] and regulations promulgated thereunder.

Section 207.306 Vehicle Ownership

- a) Each vehicle retired pursuant to a vehicle scrappage project or program must have a valid, legally transferrable title.
- b) An owner listed on the title, a legal representative of the owner(s), or, if the owner is an entity, an agent of the entity must appear at the collection site with the vehicle at the time of its sale to a vehicle scrappage project or program.

- c) It shall be the responsibility of the vehicle scrappage sponsor or manager to provide the Illinois Secretary of State with all vehicle transfer records necessary to document the proper transfer and retirement of vehicles that are scrapped. The Agency assumes no responsibility for documentation or legality of transfer of vehicle titles.

Section 207.308 Notification of Intent to Retire Vehicles

- a) If the vehicle scrappage plan targets certain vehicles, as provided in Subpart D of this Part, the vehicle scrappage manager or sponsor may request that the Agency provide notice of the applicable vehicle scrappage activities to owners of vehicles that meet the specifications in the plan. This notice will provide information to allow the vehicle owners to contact the relevant vehicle scrappage sponsor or manager for more information about the proposed vehicle scrappage activities.
- b) If a vehicle scrappage manager or sponsor does not request the Agency to provide notification as provided in subsection (a) of this Section, the vehicle scrappage sponsor or manager must notify owners of vehicles that are prospective candidates for retirement of the proposed vehicle scrappage activities. Notification may be provided by general public notification methods.
- c) Any notification provided to vehicle owners by vehicle scrappage sponsors or managers must, at a minimum, convey the following information:
 - 1) That participation in the program is strictly voluntary;
 - 2) The name and address of the vehicle scrappage sponsor or manager;
 - 3) All conditions that the vehicle owner and the vehicle itself must satisfy in order to participate in the vehicle scrappage project or program;
 - 4) The amount of money that is being offered to the owner by the vehicle scrappage sponsor or manager for the purchase of the owner's vehicle if all conditions of vehicle eligibility are met;
 - 5) That the identification of the owner's vehicle as a candidate for retirement does not constitute an allegation of any environmental or other violation by that owner; and
 - 6) A clear statement that the notice is being provided by that sponsor or manager, not by the Agency or by any other governmental entity, unless the Agency is the vehicle scrappage sponsor.

Section 207.310 Notification to Vehicle Collectors and Automotive Rebuilders and Suppliers

- a) The Agency will make available to vehicle scrappage sponsors or managers a list of recognized vehicle collector associations and persons normally engaged in either the business of rebuilding vehicle parts or supplying such parts to rebuilders that may be interested in purchasing vehicles collected under projects and programs. Recognized vehicle collector associations and persons normally engaged in either the business of rebuilding vehicle parts or supplying such parts to rebuilders must submit a written request to the Agency for inclusion on the list.
- b) Vehicle scrappage sponsors or managers shall provide notification of the availability of vehicles to be retired by either posting notice on the Internet or providing written notice to the persons or entities identified by the Agency on the list specified in subsection (a) of this Section, subject to the following:
 - 1) If notification is provided on the Internet, vehicles may not be retired until 10 days after notification is posted; or
 - 2) If written notification is provided, vehicles may not be retired until 20 days after notification is sent.
- c) A vehicle scrappage manager or sponsor may utilize Agency capabilities to provide the notification required under this Section on the Internet.
- d) Vehicle scrappage sponsors and managers may sell vehicles to interested persons in lieu of retiring the vehicle for CERs. Vehicle scrappage managers and sponsors remain eligible for CERs if non-emissions-related parts are sold to interested persons or emissions-related parts are sold to either vehicle collectors or persons normally engaged in either the business of rebuilding vehicle parts or supplying such parts to rebuilders, provided that disassembly of emissions-related parts has been performed as specified in Section 207.316(e) of this Subpart. If a vehicle or emissions-related parts from a vehicle are resold without disassembly as specified in Section 207.316(e) of this Subpart, CERs may not be claimed for the vehicle.

Section 207.312 Operability Check

Each vehicle that is to be retired pursuant to this Part shall pass an operability check prior to purchase and collection. The operability check shall include, at a minimum:

- a) Start-up of the vehicle;
- b) Test-drive of the vehicle for five or more feet in forward gear;

- c) Test-drive of the vehicle for five or more feet in reverse gear;
- d) Shut off of the vehicle; and
- e) Visual inspection for fluid leakage or any malfunction or other damage that would render the vehicle unsuitable for normal operation.

Section 207.314 Collection and Testing

- a) Each vehicle that is purchased and collected by a vehicle scrappage sponsor or manager shall be photographed at the collection site, along with all owners or representatives or agents of the owner(s) of the vehicle that are present. Each vehicle shall also be marked with a unique identification number that is visible in the photograph.
- b) After arrival at the collection site, a vehicle scrappage sponsor or manager shall take adequate measures to ensure that a vehicle that is to be retired is not adjusted, repaired or tampered with in any way until any testing has been completed. If non-emissions-related parts are no longer in operable condition after the vehicle is collected and passes the operability requirements in Section 207.312 of this Subpart, repairs may be made if needed to allow testing (e.g., batteries, tires). No parts may be removed from any vehicle prior to the completion of any testing.
- c) The mileage indicated on the odometer must be recorded at the time of collection.
- d) If vehicles to be retired must undergo emissions testing pursuant to the applicable vehicle scrappage plan and are not tested within 45 calendar days after collection of the vehicle, any CERs claimed which are attributable to that vehicle will be discounted by ten percent. If emissions testing is not conducted within 90 calendar days after collection of vehicles, vehicle scrappage managers and sponsors will be able to claim CERs only on the basis of modeled emissions.
- e) In lieu of performing emissions testing on a vehicle, vehicle scrappage managers and sponsors may use the most recent emissions test results for that vehicle from an Agency administered IM240 test conducted under the Illinois vehicle emissions test program established and operated pursuant to the Vehicle Emissions Inspection Law of 1995 [625 ILCS 5/13B], provided that such test was performed no more than 90 calendar days before collection of the vehicle.

Section 207.316 Disassembly, Recycling and Disposal Based on Vehicle Scrappage Activities

- a) All vehicles for which CERs are claimed shall be crushed or otherwise recycled or ultimately disposed of in accordance with this Section, the applicable vehicle scrappage plan and the schedule specified in that plan.
- b) Any residual materials or wastes that are derived from the permanent retirement of vehicles, including all fluids, gases and environmentally sensitive materials, shall be recycled or disposed of in an environmentally sound manner, in conformity with the applicable vehicle scrappage plan and in accordance with all federal and State laws and regulations.
- c) Used tires derived from the permanent retirement of vehicles shall be recycled or ultimately disposed of in accordance with Title XIV of the Environmental Protection Act [415 ILCS 5/53-55.15] and regulations promulgated thereunder.
- d) Non-emissions-related parts may be resold or recycled.
- e) Vehicle scrappage managers, sponsors and scrap yards identified in vehicle scrappage plans may resell or recycle emissions-related parts (including engines) to vehicle collectors or to persons normally engaged in either the business of rebuilding vehicle parts or normally engaged in supplying such parts to rebuilders, provided the following requirements are met:
 - 1) The engine must be disassembled into the cylinder head, block, crankshaft and connecting rods; and
 - 2) All other emissions-related parts must be disassembled into their major components.
- f) Any recycling of emissions-related or non-emissions-related parts shall be conducted in conformity with a vehicle scrappage plan expressly providing for appropriate disassembly, rebuilding or reconditioning, if applicable, and sale.

Section 207.318 Documentation Requirements

- a) Each vehicle scrappage sponsor or manager shall maintain records for at least five years of all vehicle scrappage activities conducted as specified in the applicable vehicle scrappage plan, including the following information:
 - 1) Identification of eligible vehicles accepted in the vehicle scrappage project or program, including the vehicle identification number and documentation indicating that these vehicles meet the eligibility criteria specified in Section 207.304 of this Subpart;

- 2) Documentation to verify vehicle ownership and appropriate transfer of ownership for all eligible vehicles, as specified in Section 207.306 of this Subpart;
 - 3) Photographic documentation relative to vehicle collection activities, as specified in Section 207.314(a) of this Subpart;
 - 4) Records verifying mileage for each vehicle, as specified in Section 207.314(c);
 - 5) Documentation of all vehicle testing performed in accordance with the applicable vehicle scrappage plan and Section 207.314 of this Subpart and Section 207.502 of this Part;
 - 6) All records and supporting documentation related to any calculations of emissions that are performed;
 - 7) Documentation of all vehicle disassembly, recycling and disposal activities as specified in Section 207.316 of this Subpart, including any waste disposal manifests or receipts obtained from scrap yards, recyclers or disposal facilities evidencing recycling or disposal of all residual materials and wastes derived from vehicle scrappage;
 - 8) If emissions-related parts are resold or recycled, documentation demonstrating that appropriate disassembly has occurred as specified in Section 207.316(e) of this Subpart; and
 - 9) Documentation supporting the use of any enhanced vehicle scrappage options such as the options described in Subpart D.
- b) Vehicle scrappage sponsors or managers shall:
- 1) Maintain all records required under this Part at one location within Illinois;
 - 2) Maintain a copy of the applicable vehicle scrappage plan at the site of each vehicle scrappage activity; and
 - 3) Make a copy of all documentation required to be maintained pursuant to this Part available to Agency representatives for inspection upon request.

SUBPART D: OPTIONS FOR VEHICLE SCRAPPAGE PROJECTS AND PROGRAMS

Section 207.400 Optional Project or Program Enhancements

Vehicle scrappage sponsors and managers proposing to conduct vehicle scrappage projects or programs may include options in proposed plans that exceed the requirements of Subpart C of this Part. The options contained in this Subpart are examples of possible options. Vehicle scrappage sponsors and managers of proposed vehicle scrappage programs shall identify any options in their proposed vehicle scrappage plans and shall specify the rationale and any supporting information which would indicate that the proposed options will generate greater emissions reductions or more reliable documentation of any claimed CERs.

Section 207.402 Targeting of Vehicles by Model Year

Vehicle scrappage plans may be limited to include only eligible vehicles from specific model years.

Section 207.404 Targeting of High Emissions Vehicles

Vehicle scrappage plans may only include eligible vehicles with demonstrated high emissions. A certificate of waiver under 35 Ill. Adm. Code 276.403 or test results, pursuant to the Agency-administered vehicle inspection and maintenance program may demonstrate that a vehicle has high emissions.

Section 207.406 Targeting of High Usage Vehicles

Vehicle scrappage plans may be limited to eligible vehicles that have been driven at least a specified number of miles per year.

Section 207.408 Use of Enhanced Prescreening Inspection

Vehicle scrappage plans may include operability inspections of vehicles which are to be retired beyond the operability requirements specified in Section 207.312 of this Part with the intent of determining the probable recent use patterns of a vehicle and the remaining useful life of that vehicle. Such inspections shall be conducted and certified by a recognized repair technician, as defined in Section 207.102 of this Part.

Section 207.410 Use of Evaporative System Integrity Test

Vehicle scrappage plans may include an evaporative system integrity test to determine the ability of each vehicle's system to recycle vapors. The results of these tests may be used to characterize the functional status of the vehicle's evaporative control system for use as an input to USEPA's MOBILE model. If the applicable vehicle scrappage plan is for a vehicle scrappage project, the evaporative system integrity test administered at an official vehicle emissions test station of the Agency pursuant to 625 ILCS 5/13B-10 must be used to measure evaporative emissions. Vehicle scrappage plans for programs may specify the use of the evaporative system test administered at an official test station of the Agency or the use of another test.

SUBPART E: MEASUREMENT TECHNIQUES AND
CER CALCULATION AND REVIEW

Section 207.500 Vehicle Scrappage as a Basis for CERs

Vehicle scrappage sponsors and managers may receive CERs for emissions reductions achieved based on vehicle scrappage activities conducted pursuant to this Part in accordance with the requirements specified in this Subpart. CERs may be used in conjunction with an emissions reduction program or as new source review offsets under 35 Ill. Adm. Code 203 to the extent that the recognition or use of CERs is allowed under and fulfills the requirements of the applicable rule.

Section 207.502 Methods for Determining Emissions Reductions

- a) Emission rates from both retired and replacement vehicles must be either measured (measure/measure method), modeled (model/model method), or a combination of measurement and modeling (measure/model method). The vehicle scrappage sponsor or manager shall propose the measurement and/or modeling techniques to be used in the applicable vehicle scrappage plan.
- b) Modeled emission rates for retired and replacement vehicles must be calculated using the USEPA MOBILE model, as applied in accordance with USEPA guidance for MOBILE model use for vehicle scrappage activities.
- c) The IM240 Test shall be used for any measured VOM emission rate determinations.
- d) The remaining useful life of retired vehicles is limited to three years.

Section 207.504 CER Calculation Methodology

- a) Except as provided in subsection (b) of this Section, the following formula shall be used to calculate proposed CERs:

$$\text{CER} = [\text{sigma}] ([\text{(a)(b)(c)}] - [\text{(d)(e)(c)}]) (1 - (\text{f}/100)) / (1000)$$

Where:

- “a” represents the retired vehicle emissions in grams/mile
- “b” represents miles per year traveled by the retired vehicle
- “c” represents remaining life of the retired vehicle in years
- “d” represents the replacement vehicle emissions in grams/mile
- “e” represents miles per year traveled by the replacement vehicle (which shall be equal to or greater than “b”, unless demonstrated otherwise in a vehicle scrappage plan)

“f” represents the environmental discount factor that must be applied, pursuant to Section 207.506 of this Subpart, if applicable.
 “CER” represents a creditable emissions reduction unit in kilograms/year.

- b) Vehicle scrappage sponsors and managers may request Agency approval to deviate from the general formula in subsection (a) of this Section to calculate CERs in their proposed vehicle scrappage plan. This request must demonstrate that the deviation is necessary based on elements of the proposed vehicle scrappage project or program.

Section 207.506 CER Adjustments

- a) If the vehicle scrappage plan provides that the emissions of both retired and replacement vehicles are to be modeled (model/model method), the total value of CERs claimed shall be:
- 1) Reduced by 20 percent to account for the natural retirement of vehicles; and
 - 2) Discounted by an additional 5 percent.
- b) If the vehicle scrappage plan provides that emissions of vehicles to be retired are to be measured and emissions of replacement vehicles are to be modeled (measure/model method), the total value of CERs claimed shall be reduced by 10 percent to account for the natural retirement of vehicles, unless enhanced prescreening inspection is conducted, as provided in Section 207.408 of this Part. If enhanced prescreening is conducted, no reduction to CERs claimed shall be assessed, except as provided in Section 207.314(d) of this Part.
- c) Except as provided in Section 207.314(d) of this Part, if the vehicle scrappage plan provides that emissions of both retired and replacement vehicles are to be measured (measure/measure method), no reduction to the value of CERs claimed shall be assessed.

Section 207.508 Remaining Useful Life of Vehicles and Lifetime of CERs

- a) If emissions from retired vehicles are modeled, the remaining useful life of retired vehicles shall be three years.
- b) If emissions from retired vehicles are measured, the remaining useful life of retired vehicles shall be a minimum of two years. Vehicle scrappage sponsors and managers may demonstrate to the Agency that a remaining useful life of more than two years should apply to CERs generated using a measure/model or a measure/measure method. To make this demonstration, the vehicle scrappage

sponsor or manager shall provide the Agency with sufficient information to substantiate that a greater remaining useful life of retired vehicles is justified.

- c) CERs are valid for the same period as the remaining useful life of the retired vehicle as specified in this Section.

Section 207.510 Submission and Agency Review of CER Claims

- a) Except as provided in Section 207.512 of this Subpart, a vehicle scrappage sponsor or manager may submit a CER claim to the Agency for review not less frequently than yearly, nor more frequently than monthly. The following information must be included in each CER claim, in addition to any information required in the applicable vehicle scrappage plan:
 - 1) The total amount of CERs claimed to have been generated by vehicle retirement; and
 - 2) Sufficient calculations and supporting documentation to substantiate such claim, including:
 - A) Identification (i.e., make, model year and vehicle identification number) of retired vehicles upon which the claim is based;
 - B) An explanation, with supporting documentation, of the basis for mileage estimates for each retired and replacement vehicle;
 - C) The method used to determine emissions from each retired and replacement vehicle;
 - D) The method used to identify replacement vehicles; and
 - E) Any discounting of CERs required by this Part.
- b) CERs may not be claimed for a vehicle until it has been acquired and retired by the vehicle scrappage sponsor or manager.
- c) CERs may be claimed on a lump sum basis for the total aggregate emissions reduction over the remaining useful life of the retired vehicle(s), or allocated on an annual basis over the remaining useful life, not to exceed the total aggregate emissions reduction.
- d) Except for Agency sponsored projects or programs, a vehicle scrappage manager, vehicle scrappage sponsor, or, if the vehicle scrappage sponsor is an entity, the responsible official of the entity submitting a CER claim for Agency

review pursuant to this Subpart shall make the following statement as part of the claim:

I certify that the information submitted in this CER claim is, to the best of my knowledge and belief, true, accurate and complete. I am aware that I may be subject to enforcement pursuant to the Illinois Environmental Protection Act if any information submitted in this CER claim is determined to be false or misleading.

- e) Except as provided in Section 207.512 of this Subpart, the Agency will review each CER claim submitted and will issue its written determination regarding how many CERs have been generated, if any, within 45 calendar days of the Agency's receipt of a complete claim. CERs are not valid until the Agency has completed its CER determination and notified the vehicle scrappage sponsor or manager in writing of its determination of the amount of CERs generated.

Section 207.512 CERs Based on Agency Sponsored Vehicle Scrappage Activities

If the Agency generates CERs based on vehicle scrappage activities it has sponsored, it shall develop and maintain documentation to substantiate the CERs generated, including the information specified in Section 207.510(a)(2) of this Subpart.

SUBPART F: VEHICLE SCRAPPAGE PLAN CRITERIA, SUBMITTAL, REVIEW AND SUPPLEMENTAL NOTICE PROCEDURE

Section 207.600 Proposed Vehicle Scrappage Plans

No vehicle scrappage project or program may be conducted within Illinois pursuant to this Part without Agency approval or sponsorship of a vehicle scrappage plan designed to cover that specific vehicle scrappage project or program.

Section 207.602 Submittal of Proposed Vehicle Scrappage Plans

- a) A vehicle scrappage sponsor or manager may submit a proposed vehicle scrappage plan to the Agency. Each proposed vehicle scrappage plan shall, at a minimum, include:
- 1) The name and address of the vehicle scrappage sponsor and manager that will be responsible for the vehicle scrappage project or program;
 - 2) Proof that the vehicle scrappage sponsor identified in the plan meets the financial responsibility requirements of Section 207.702 of this Part;
 - 3) Proof that the vehicle scrappage manager has fulfilled the applicable requirements in Section 207.700 of this Part;

- 4) The estimated number of vehicles to be retired during the course of the proposed project or program;
- 5) The location(s) to be used for all proposed vehicle scrappage activities;
- 6) The name and address of any person or entity to be used to perform any of the proposed activities, including, but not limited to, any scrap yard, recycling or disposal facility proposed to be used;
- 7) A schedule identifying key dates of the proposed project or program, including the planned dates for: notification to owners of vehicles; purchase of vehicles; measurement of emissions, if any; retirement of vehicles; and completion of the project or program;
- 8) Method of notification to owners of vehicles that are candidates to sell their vehicles in accordance with Section 207.308 of this Part;
- 9) Procedures to be used for collection and testing, if any, of vehicles to be retired in accordance with Section 207.314 of this Part;
- 10) Procedures, if any, for disassembly, rebuilding or reconditioning, and resale of vehicles parts to eligible persons, in accordance with Section 207.316 of this Part;
- 11) Procedures for recycling or disposal of all residual materials and wastes generated from the permanent retirement of vehicles, in accordance with Section 207.316(b) of this Part;
- 12) Method of determining what replacement vehicles are obtained by owners whose vehicles have been retired;
- 13) Method for measuring or modeling emissions of applicable pollutants for vehicles purchased for retirement and for replacement vehicles, in accordance with Section 207.502 of this Part;
- 14) Method for calculation of any CERs that may be generated by the project or program, in accordance with Section 207.504 of this Part;
- 15) If the vehicle scrappage plan is for a vehicle scrappage program, identification of any options that will be used to generate greater emissions reductions or produce more reliable documentation, as provided in Subpart D of this Part, and sufficient justification that the options proposed will achieve these objectives. Additionally, if the use of enhanced prescreening inspection is proposed, as specified in Section

207.408 of this Part, the recognized repair technician who will be used must be identified and information verifying that the technician qualifies as a recognized repair technician must be included;

- 16) If the vehicle scrappage plan is for a vehicle scrappage project, the vehicle sponsor or manager is not required to obtain prior approval from the Agency for its use of the options described in Subpart D of this Part, but must maintain documentation to support its use of such options.
- b) In addition to the information specified in subsection (a) of this Section, the Agency may request additional information from the vehicle scrappage sponsor or manager as needed to determine if the vehicle scrappage plan meets the requirements of this Part.
- c) Each vehicle scrappage manager and sponsor, or, if the vehicle scrappage sponsor is an entity, a responsible official of the entity, submitting a proposed plan for Agency approval shall make the following statement as part of the submission to the Agency:

I certify that the information submitted in this proposed vehicle scrappage plan is, to the best of my knowledge and belief, true, accurate and complete, based on reasonable inquiry. I am aware that I may be subject to enforcement under the Environmental Protection Act and may be disqualified from conducting or sponsoring scrappage projects or programs in the State of Illinois, pursuant to 35 Ill. Adm. Code Part 207, if any information submitted in this proposed vehicle scrappage plan is determined to be false or misleading.

Section 207.604 Notice of Proposed Vehicle Scrappage Plans

- a) Within 14 days of submitting a vehicle scrappage plan to the Agency, the vehicle scrappage manager or sponsor that submitted the plan shall cause, at its own expense, the publication of notice by advertisement in a newspaper of general circulation in the area where the collection site for vehicles to be retired is located or, if the vehicle scrappage sponsor is a source, the notice shall be in a newspaper of general circulation in the area the source is located.
- b) The notice shall be titled "Notice of Proposed Vehicle Scrappage Plan Submission to the Illinois Environmental Protection Agency."
- c) The notice shall contain the name and address of the proposed sponsor and the address of the proposed vehicle collection location.
- d) The notice shall state the following:

“Any person may review the proposed plan, to the extent allowed by applicable laws and regulations, by contacting the Illinois Environmental Protection Agency. Any person may submit comments to the Illinois Environmental Protection Agency and request a hearing. Comments and requests for hearing must be submitted in writing to Illinois EPA at:

Public Information for the Bureau of Air
 Illinois Environmental Protection Agency
 P.O. Box 19276
 Springfield, Illinois 62794

These comments and requests for a hearing must be received by the Illinois EPA within 21 days of the date this publication.”

- e) The Agency will determine whether to hold a hearing on any vehicle scrappage plan in accordance with 35 Ill. Adm. Code 252.205. Any hearing on a proposed vehicle scrappage plan shall be conducted in accordance with the Agency's “Procedures for Permit and Closure Plan Hearings” (35 Ill. Adm. Code 166: Subpart A, Informational Permit and Closure Plan Hearings).

Section 207.606 Agency Review of Proposed Vehicle Scrappage Plans

- a) The Agency will approve or disapprove the proposed vehicle scrappage plan within 90 calendar days of the Agency's receipt of a complete proposed plan, except that this time period is extended to 180 days when a hearing is held, as provided in Section 207.604(e) of this Subpart.
- b) A proposed plan will be deemed complete within 30 days of receipt by the Agency unless the Agency provides written notification to the applicant of its determination that the plan is incomplete. A proposed plan will be deemed complete if it includes information addressing each of the applicable elements required under this Section. A notification of incompleteness shall specifically identify the deficiencies with the plan identified by the Agency. After a plan has been deemed complete, the Agency may request additional information as needed to complete its review of the proposed plan.
- c) Upon receipt of a notice of approval from the Agency, the vehicle scrappage sponsor or manager who submitted the plan may proceed to implement it pursuant to the schedule specified in the plan.
- d) Upon receipt of a notice of disapproval from the Agency, the person who submitted the plan may request that the Pollution Control Board review the Agency's determination.

- e) Any plan that identifies a scrap yard, recycling or disposal facility for use in the applicable vehicle scrappage project or program that has violated any requirement specified in this Part may be disapproved by the Agency. The Agency will notify the vehicle scrappage plan applicant in writing of this deficiency with the plan and afford the applicant a reasonable period to identify another scrap yard, recycling or disposal facility to use for its vehicle scrappage activities prior to disapproving the plan.

Section 207.608 Notice of Commencement of Vehicle Scrappage Activities

The vehicle scrappage manager or sponsor must submit written notification to the Agency at least 14 days prior to collecting vehicles for the project or program, indicating the date and location of vehicle collection activities.

Section 207.610 Supplemental Notices Pursuant to Approved Vehicle Scrappage Plans

A vehicle scrappage plan may be renewed if the vehicle scrappage sponsor or manager submits to the Agency a written supplemental notice of their intent to conduct more vehicle scrappage activities at least 60 days in advance of the intended date for notification to owners of vehicles of the opportunity to sell their vehicles. The supplemental notice shall reference the date and number of the already approved plan and shall update the dates and any changes in collection locations. If any deviation is planned from the terms and conditions of the approved plan, other than dates or collection locations, a new proposed plan must be submitted to the Agency, which shall be reviewed in the same manner and time frames provided in Section 207.606 of this Subpart.

Section 207.612 Plans for Agency Sponsored Projects or Programs

Notwithstanding the requirements in this Subpart, if the Agency sponsors a vehicle scrappage project or program, it shall develop a vehicle scrappage plan that meets the requirements of Section 207.602 of this Subpart and provide public notice of its proposed plan, as specified in Section 207.604 of this Subpart.

SUBPART G: VEHICLE SCRAPPAGE SPONSOR AND MANAGER ELIGIBILITY, TRAINING AND APPLICATION PROCEDURE

Section 207.700 Qualifications for Vehicle Scrappage Managers

- a) No person or entity may conduct a vehicle scrappage project or program without participation of a vehicle scrappage manager who meets the requirements of this Section supervising vehicle scrappage activities.
- b) Any natural person may qualify to be a vehicle scrappage manager if he or she meets the following criteria:

- 1) Is at least eighteen years old;
 - 2) Is an American citizen or legal alien; and
 - 3) Has never been convicted of or had a final judgement entered against him or her in any State or federal court for a violation of State or federal air pollution laws or regulations, for fraud or for felony theft.
- c) Each natural person who wishes to become a vehicle scrappage manager must successfully complete the training course offered by the Agency.
- 1) The Agency will offer the training program annually, based on need. The Agency will provide advance public notice of the time, date and location for each training course.
 - 2) The curriculum for the Agency training course will include the following subjects:
 - A) The development of acceptable vehicle scrappage plans;
 - B) Methods for CER calculations;
 - C) Procedures for modeling and measurement of emissions;
 - D) Collector vehicle and vehicle parts rebuilder provisions;
 - E) Proper vehicle disassembly and recycling of vehicle parts; and
 - F) Methods for proper recycling and/or disposal of residual materials and wastes derived from the retirement of vehicles.
 - 3) For the applicant to be authorized to manage a vehicle scrappage program, she or he must pass the examination administered by the Agency at the conclusion of each Agency training course, which will test each applicant's knowledge of the material covered in the training course.
 - 4) If an applicant fails the Agency-administered examination specified in subsection (c)(3) of this Section on the first attempt, he or she shall have the opportunity to take and pass the examination one additional time. If an applicant fails the Agency-administered examination on the second attempt, he or she may reapply for approval to manage a vehicle scrappage program, subject to the same requirements as a first time applicant.

- 5) The Agency will offer the examination biannually, if needed. When an Agency-administered examination is to be offered at a different time than immediately following the Agency training course, the Agency will provide advance public notice of the time, date and location for the examination.
- d) Prior to conducting any vehicle scrappage activities, each natural person who wishes to be a vehicle scrappage manager must submit an application for the Agency's approval which demonstrates that he or she satisfies all of the qualifications specified in subsection (b) of this Section. Applicants may indicate that they intend to satisfy the requirements specified in subsection (c) of this Section by attending the next Agency training course and taking the examination, if applicable, at that time.
- e) The Agency will approve or disapprove a vehicle scrappage manager application in writing within 30 calendar days of the Agency's receipt of an application or of the conclusion of the Agency training course the applicant is scheduled to attend, whichever occurs latter. Approval will indicate if the applicant is authorized to manage both vehicle scrappage projects and programs or only vehicle scrappage projects.
- f) Upon receipt of a notice of approval from the Agency, the applicant is considered a vehicle scrappage manager and may conduct a vehicle scrappage project or, if approved, a vehicle scrappage program in accordance with this Part. Only an approved vehicle scrappage manager may be identified as the vehicle scrappage manager in any proposed vehicle scrappage plan.
- g) Each natural person submitting an application pursuant to this Subpart shall sign and date the following statement as part of his or her application:
- I certify that I satisfy all of the qualification requirements for a vehicle scrappage manager and that the information submitted in this application is, to the best of my knowledge and belief, true, accurate and complete. I am aware that I may be subject to enforcement under the Environmental Protection Act and may be disqualified from conducting vehicle scrappage activities in the State of Illinois pursuant to 35 Ill. Adm. Code Part 207 if any information submitted in this application is determined to be false or misleading.
- h) To retain authorization to be a vehicle scrappage manager of a vehicle scrappage program, each person approved to manage a vehicle scrappage program shall submit a renewal application to the Agency every three years on or before the date on which he or she received initial approval, and shall take a refresher-training course at the next available course offered.

- i) In the event a vehicle scrappage manager unexpectedly leaves that position, the vehicle scrappage sponsor may submit the application specified in subsection (d) of this Section requesting permission from the Agency to allow the substitution of a new manager for up to one year, provided that the candidate for substitution meets the qualifications contained in subsection (b) of this Section and will fulfill the remaining requirements of this Section as soon as practicable, but in any event, no later than one year from the date approval of the substitution is requested.
- j) Notwithstanding the requirements in this Section, if the Agency sponsors a vehicle scrappage project or program, it may obtain the services of a vehicle scrappage manager or designate an employee of the Agency to serve in this capacity. To qualify to manage an Agency sponsored vehicle scrappage project or program, an Agency employee must complete the training course specified in subsection (c)(2) of this Section.

Section 207.702 Financial Responsibility of Vehicle Scrappage Sponsors

Any person or entity may qualify to be a vehicle scrappage sponsor if it can demonstrate to the Agency that it has the financial resources necessary to fully complete a project or program in accordance with this Part, including, but not limited to, payment for all vehicles proposed to be retired, testing and analytical costs associated with the proposed project or program, and proper recycling or disposal of all residual materials and wastes generated from the scrappage process, in accordance with this Part. The sufficiency of the financial resources of a potential sponsor must be demonstrated upon submittal of a proposed vehicle scrappage plan in accordance with Subpart F of this Part. A corporate entity may provide the Agency with its most recent Section 10(k) filing submitted to the U.S. Securities and Exchange Commission in order to attempt to demonstrate financial resources sufficient to conduct and complete a scrappage project or program. Corporations for which a Section 10(k) filing is not required and other entities or persons may provide the Agency with audited financial statements or other evidence of a level of capital sufficient to conduct and complete the applicable vehicle scrappage project or program, taking into account the proposed number of vehicles proposed for scrappage. If the Agency sponsors a vehicle scrappage project or program, it is not required to make the demonstration specified in this Section.

SUBPART H: VEHICLE SCRAPPAGE PLAN FEES

Section 207.800 Vehicle Scrappage Plan and Plan Renewal Fees

Each vehicle scrappage sponsor or manager submitting a proposed vehicle scrappage plan or supplemental notice renewal pursuant to Subpart D of this Part shall submit to the Agency the following fee amount:

- a) If the plan is for a vehicle scrappage project, a fee of \$250 shall be submitted with the proposed vehicle scrappage plan and with any supplemental notification;

- b) If the plan is for a vehicle scrappage program, an initial fee of \$250 shall be submitted with the proposed vehicle scrappage plan and an annual fee of \$175 shall be submitted for each 12 month period or portion thereof it is in operation thereafter. The annual fee shall be submitted to the Agency each year by the date the applicable program was approved; or
- c) If the plan requests that the Agency provide notification to owners of vehicles for retirement as provided in Section 207.308(a) of this Part, the fees listed in subsection (a) or (b) of this Section shall be increased by \$50 for the initial fee and \$25 for the annual fee, if applicable.

Section 207.802 Form of Payment

- a) All fees required under this Subpart shall be made by check or money order payable to "Treasurer, State of Illinois," for deposit in the Environmental Protection Permit and Inspection Fund.
- b) Payment shall identify the associated vehicle scrappage sponsor, vehicle scrappage manager and proposed vehicle scrappage plan, and be sent to:

Illinois Environmental Protection Agency
Fiscal Services Center
P.O. Box 19276
Springfield, Illinois 62794-9276

Section 207.804 Non-Refundability of Fees and Credits for Overpayments

- a) Any fees received by the Agency pursuant to this Subpart in a correct amount, as specified in Section 207.800 of this Subpart, shall be not be refunded at any time or for any reason, either in part or in full.
- b) In the event that the vehicle scrappage sponsor or manager submits payment in an incorrect amount that results in overpayment, the Agency will return the overpaid amount within 90 days of discovering the overpayment.

Section 207.806 Fee Exemption for Agency Sponsored Vehicle Scrappage Projects or Programs

In the event the Agency sponsors a vehicle scrappage project or program, it shall not be subject to fees specified in this Subpart.

SUBPART I: COMPLIANCE PROVISIONS

Section 207.900 Enforcement

Any person or entity that violates any requirement of this Part shall be subject to enforcement as provided in Title XII of the Environmental Protection Act [415 ILCS 5/42-45].

Section 207.902 Agency Right of Inspection

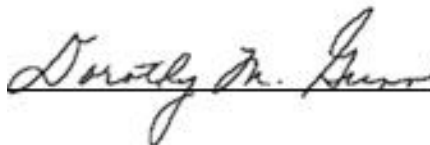
The Agency shall be entitled to inspect any location used for any activity conducted pursuant to any approved vehicle scrappage plan in accordance with Section 4 of the Environmental Protection Act [415 ILCS 5/4].

Section 207.904 Agency Right to Revoke Approval of Plan

If any authorized representative of the Agency determines that any vehicle scrappage project or program is not being conducted in accordance with the applicable vehicle scrappage plan or this Part, the Agency may revoke its approval of the plan.

IT IS SO ORDERED.

I, Dorothy M. Gunn, Clerk of the Illinois Pollution Control Board, hereby certify that the above opinion and order was adopted on the 20th day of January 2000 by a vote of 6-0.

A handwritten signature in cursive script, reading "Dorothy M. Gunn", written over a horizontal line.

Dorothy M. Gunn, Clerk
Illinois Pollution Control Board