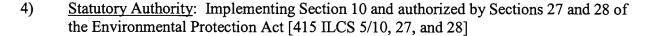
NOTICE OF PROPOSED AMENDMENT

1) Heading of the Part: Nitrogen Oxides Emissions

2) Code Citation: 35 Ill. Adm. Code 217

3) <u>Section Number</u>: <u>Proposed Action</u>:

217.751 New



5) A Complete Description of the Subjects and Issues Involved:

The Board's May 7, 2009 opinion and order in <u>In the Matter of: Nitrogen Oxide (NO_x)</u> Trading Program Sunset Provisions for Electric Generating Units (EGU's): New 35 Ill. <u>Adm. Code 217.751</u>, R09-20 discusses in detail the amendments to Part 217.Subpart W proposed in this rulemaking.

On May 7, 2009, the Illinois Pollution Control Board authorized first notice publication, without comment on the merits, of an Illinois Environmental Protection Agency (IEPA) proposal that would sunset the provisions of the Nitrogen Oxides (NO_x) Trading Program rules for electrical generating units (EGUs). IEPA filed this proposal with the Board on April 21, 2009, along with a motion for expedited review requesting immediate first notice publication and the scheduling of hearings as soon as possible.

In its statement of reasons, the IEPA states that Illinois adopted both the NO_x rules at 35 Ill. Adm. Code 217 and the Clean Air Interstate Rule (CAIR) at 35 Ill. Adm. Code 225 after adoption of similar rules by the United States Environmental Protection Agency (USEPA). USEPA has approved both sets of rules for inclusion in the State Implementation Plan (SIP) for ozone attainment. As do the USEPA rules, the CAIR provisions, as set forth in 35 Ill. Code 225. Subpart E, include a trading program for control of NO_x emissions during the ozone season that replaces the provisions in Part 217. Subpart W for EGUs beginning with the 2009 control period (May 1 through September 30) and thereafter.

But, due to a federal court ruling concerning the federal CAIR rules in *North Carolina* v. *USEPA*, 531 F.3d 896 (C.A.D.C. Cir. 2008), USEPA must take additional action concerning its rules. To solve the problem, in 40 CFR 51.123(bb)(1)(i), USEPA has provided that states such as Illinois with approved CAIR programs may revise their applicable SIP so that the provisions of the NO_x, SIP Call Trading Program do not apply to affected EGUs.

CLERK'S OFFICE

JUN 2 4 2009

STATE OF ILLINOIS Pollution Control Board

NOTICE OF PROPOSED AMENDMENT

IEPA's proposal requesting the Board to amend the Illinois rules is the first step to revision of the SIP. If the Board adopts a final rule in this rulemaking, IEPA will submit the rule to USEPA for approval and inclusion in the SIP.

EGUs currently must comply with two sets of rules for the 2009 ozone season and beyond: the Illinois Clean Air Interstate Rule (CAIR) requirements at Part 225 and the Illinois NO_x Trading Program at Part 217. To address and remove the duplication, this rulemaking proposes to sunset the provisions of the NO_x Trading Program, by adding a new Section 217.751 to sunset the rules beginning with the 2009 ozone control season.

- 6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: The Agency stated that it relied on the following documents in preparing its proposal to the Board:
 - a. Illinois Environmental Protection Act (415 ILCS 5.)
 - b. The Clean Air Act, as amended in 1990 (42 USC 7401 et seq.);
 - c. Rule to Reduce Interstate Transport of Fine Particulate Matter and Ozone (Clean Air Interstate Rule); Revisions to Acid Rain Program; Revisions to the NO_x SIP Call; Final Rule, 70 Fed. Reg. 25162 (May 12, 2005);
 - d. Approval and Promulgation of Air Quality Implementation Plans; Illinois; Oxides of Nitrogen Regulations, 66 Fed. Reg. 56454 (November 8, 2001)
 - e. Approval of Implementation Plans of Illinois; Clean Air Interstate Rule, 72 Fed. Reg. 58528 (October 16, 2007);
 - f. North Carolina v. USEPA, 531 F.3d 896 (C.A.D.C. Cir. 2008); and
 - g. North Carolina v. USEPA, 550 F.3d 1176 (C.A.D.C. Cir. 2008).
- 7) Will this rulemaking replace any emergency rulemaking currently in effect? No
- 8) <u>Does this rulemaking contain an automatic repeal date?</u> No
- 9) <u>Does this rulemaking contain incorporations by reference</u>? No
- 10) Are there any other proposed rulemakings pending on this Part? Yes

NOTICE OF PROPOSED AMENDMENT

Section Numbers:	Proposed Action:	Illinois Register Citation:
217.3863	Amend	32 Ill. Reg. 17075; Oct. 31, 2008
217.388	Amend	32 III. Reg. 17075; Oct. 31, 2008
217.390	Amend	32 III. Reg. 17075; Oct. 31, 2008
217.392	Amend	32 III. Reg. 17075; Oct. 31, 2008
217.394	Amend	32 III. Reg. 17075; Oct. 31, 2008
217.396	Amend	32 III. Reg. 17075; Oct. 31, 2008
217.100	Amended	33 Ill. Reg. 6921; May 22, 2009
217.104	Amended	33 III. Reg. 6921; May 22, 2009
217.104	Repealed	
217.121	Amended	33 Ill. Reg. 6921; May 22, 2009
217.150	New Section	33 Ill. Reg. 6921; May 22, 2009
217.150	New Section	33 Ill. Reg. 6921; May 22, 2009
217.154	New Section	33 Ill. Reg. 6921; May 22, 2009
		33 Ill. Reg. 6921; May 22, 2009
217.155	New Section	33 Ill. Reg. 6921; May 22, 2009
217.156	New Section	33 Ill. Reg. 6921; May 22, 2009
217.157	New Section	33 Ill. Reg. 6921; May 22, 2009
217.158	New Section	33 Ill. Reg. 6921; May 22, 2009
217.160	New Section	33 Ill. Reg. 6921; May 22, 2009
217.162	New Section	33 Ill. Reg. 6921; May 22, 2009
217.164	New Section	33 Ill. Reg. 6921; May 22, 2009
217.165	New Section	33 Ill. Reg. 6921; May 22, 2009
217.166	New Section	33 Ill. Reg. 6921; May 22, 2009
217.180	New Section	33 Ill. Reg. 6921; May 22, 2009
217.182	New Section	33 Ill. Reg. 6921; May 22, 2009
217.184	New Section	33 Ill. Reg. 6921; May 22, 2009
217.185	New Section	33 Ill. Reg. 6921; May 22, 2009
217.186	New Section	33 Ill. Reg. 6921; May 22, 2009
217.200	New Section	33 Ill. Reg. 6921; May 22, 2009
217.202	New Section	33 Ill. Reg. 6921; May 22, 2009
217.204	New Section	33 Ill. Reg. 6921; May 22, 2009
217.220	New Section	33 Ill. Reg. 6921; May 22, 2009
217.222	New Section	33 Ill. Reg. 6921; May 22, 2009
217.240	New Section	33 Ill. Reg. 6921; May 22, 2009
217.242	New Section	33 Ill. Reg. 6921; May 22, 2009
217.244	New Section	33 Ill. Reg. 6921; May 22, 2009
217.340	New Section	33 Ill. Reg. 6921; May 22, 2009
217.342	New Section	33 Ill. Reg. 6921; May 22, 2009
217.344	New Section	33 Ill. Reg. 6921; May 22, 2009
		- , , ,

NOTICE OF PROPOSED AMENDMENT

217.345

New Section

33 Ill. Reg. 6921; May 22, 2009

217.APPENDIX H

New Section

33 Ill. Reg. 6921; May 22, 2009

- 11) <u>Statement of Statewide Policy Objectives</u>: This proposed rulemaking does not create or enlarge a State mandate, as defined in Section 3(b) of the State Mandates Act [30 ILCS 805/3(b)].
- 12) <u>Time, Place, and Manner in which interested persons may comment on this proposed rulemaking</u>: The Board will accept written public comment on this proposal for 45 days after the date of publication in the *Illinois Register*. Comments should reference Docket R09-20 and be addressed to:

John Therriault Clerk's Office Illinois Pollution Control Board 100 W. Randolph St., Suite 11-500 Chicago, IL 60601

The Board will also accept sworn testimony and oral public comment at the hearings scheduled as followed:

Thursday, June 18, 2008, 1:00 p.m.

Thursday, July 23, 2009 1:00 p.m.

JAMES R. THOMPSON CENTER Room 11-512

100 W. Randolph-Room 11-512

Chicago, IL 60601

IEPA OFFICE BUILDING Room 1244N, First Floor

1021 N. Grand Avenue East Springfield, IL 62794

Procedural details concerning the order of hearings and requirements concerning prefiling of testimony are detailed in a May 13, 2009 hearing officer order.

Interested persons may request copies of the Board's opinion and orders and hearing officer orders in Docket R09-20 by calling the Clerk's office at 312-814-3620, or download from the Board's Web site at www.ipcb.state.il.us.

For more information, contact Kathleen Crowley at 312/814-6929 or email at crowlek@ipcb.state.il.us.

13) <u>Initial Regulatory Flexibility Analysis:</u>

NOTICE OF PROPOSED AMENDMENT

- A) Types of small businesses, small municipalities and not for profit corporations affected: Any of the 229 electrical generating units that are subject to the NO_x Trading Program and that identify themselves as small businesses, small municipalities, or not-for-profit corporations
- B) Reporting, bookkeeping or other procedures required for compliance: None
- C) Types of Professional skills necessary for compliance: None.
- 14) Regulatory Agenda on which this rulemaking was summarized: July 2006 (30 Ill. Reg. 11906-08). This rulemaking was not included in either of the two most recent regulatory agendas because: the need for the rulemaking is the result of recent federal court decisions concerning USEPA rules. This caused uncertainty associated with the CAIR Trading program that was adopted by both USEPA and Illinois to replace the one that is the subject of this proposal. This is explained in item 5), above.
- Does this amendment require the review of the Procurement Policy Board as specified in Section 5-25 of the Illinois Procurement Code [30 ILCS 500/5-25]? No

The full text of the Proposed Amendment begins on the next page:

TITLE 35: ENVIRONMENTAL PROTECTION

SUBTITLE B: AIR POLLUTION

CHAPTER I: POLLUTION CONTROL BOARD

SUBCHAPTER $\in_{\mathbf{C}}$: EMISSION STANDARDS AND LIMITATIONS

FOR STATIONARY SOURCES

PART 217

NITROGEN OXIDES EMISSIONS

SUBPART A: GENERAL PROVISIONS

Section

217.100 Scope and Organization 217.101 Measurement Methods 217.102 Abbreviations and Units 217.103 Definitions

217.104 Incorporations by Reference

SUBPART B: NEW FUEL COMBUSTION EMISSION SOURCES

Section

217.121 New Emission Sources

SUBPART C: EXISTING FUEL COMBUSTION EMISSION SOURCES

Section

217.141 Existing Emission Sources in Major Metropolitan Areas

SUBPART K: PROCESS EMISSION SOURCES

Section

217.301 Industrial Processes

SUBPART O: CHEMICAL MANUFACTURE

Section

217.381 Nitric Acid Manufacturing Processes

SUBPART Q: STATIONARY RECIPROCATING INTERNAL COMBUSTION ENGINES AND TURBINES

Section

217.386 Applicability
217.388 Control and Maintenance Requirements
217.390 Emissions Averaging Plans

217.392 Compliance

217.394 Testing and Monitoring

217.396 Recordkeeping and Reporting

SUBPART T: CEMENT KILNS

Section

217.400 Applicability
217.402 Control Requirements
217.404 Testing
217.406 Monitoring
217.408 Reporting

217.410 Recordkeeping SUBPART U: NOx CONTROL AND TRADING PROGRAM FOR SPECIFIED NOx GENERATING UNITS Section 217.450 Purpose 217.450
217.452
Severability
217.454
Applicability
217.456
Compliance Requirements
217.458
Permitting Requirements
217.460
Subpart U NOx Trading Budget
217.462
Methodology for Obtaining NOx Allocations
217.464
Methodology for Determining NOx Allowances from the New Source Set-Aside Aside
217.466 NOx Allocations Procedure for Subpart U Budget Units
217.468 New Source Set-Asides for "New" Budget Units
217.470 Early Reduction Credits (ERCs) for Budget Units
217.472 Low-Emitter Requirements
217.474 Opt-In Units
217.476 Opt-In Process
217.478 Opt-In Budget Units: Withdrawal from NOx Trading Program
217.480 Opt-In Units: Change in Regulatory Status
217.482 Allowance Allocations to Opt-In Budget Units SUBPART V: ELECTRIC POWER GENERATION Section 217.521 Lake of Egypt Power Plant 217.700 Purpose 217.702 Severability 217.702 Severability
217.704 Applicability
217.706 Emission Limitations
217.708 NOx Averaging
217.710 Monitoring
217.712 Reporting and Recordkeeping SUBPART W: NOx TRADING PROGRAM FOR ELECTRICAL GENERATING UNITS Section 217.750 Purpose Sunset Provisions 217.751 217.752 Severability 217.754 Applicability Compliance Requirements 217.756 Compliance Requirements
Permitting Requirements
NOx Trading Budget 217.758 217.760 217.762 Methodology for Calculating NOx Allocations for Budget Electrical Generating Units (EGUs) 217.764 NOx Allocations for Budget EGUs 217.768 New Source Set-Asides for "New" Budget EGUs
217.770 Early Reduction Credits for Budget EGUs
217.774 Opt-In Units
217.776 Opt-In Process
217.778 Budget Opt-In Units: Withdrawal from NOx Trading Program
217.780 Opt-In Units: Change in Regulatory Status Allowance Allocations to Budget Opt-In Units

217.782

SUBPART X: VOLUNTARY NOx EMISSIONS REDUCTION PROGRAM Section 217.800 Purpose 217.805 Emission Unit Eligibility 217.810 Participation Requirements 217.815 NOx Emission Reductions and the Subpart X NOx Trading Budget 217.810 Participation Requirements 217.820 Baseline Emissions Determination 217.825 Calculation of Creditable NOx Emission Reductions 217.830 Limitations on NOx Emission Reductions 217.835 NOx Emission Reduction Proposal 217.840 Agency Action 217.845 Emissions Determination Methods 217.850 Emissions Monitoring 217.855 Reporting Recordkeeping 217.860 Enforcement 217.865 217.APPENDIX A Rule into Section Table Section into Rule Table 217.APPENDIX B 217.APPENDIX C Compliance Dates 217.APPENDIX D Non-Electrical Generating Units 217.APPENDIX E Large Non-Electrical Generating Units Allowances for Electrical Generating Units 217.APPENDIX F 217.APPENDIX G Existing Reciprocating Internal Combustion Engines Affected by the NOx SIP Call AuthorityAUTHORITY: Implementing Sections 9.9 and 10 and authorized by Sections 27 and 28.5 of the Environmental Protection Act [415 ILCS 5/9.9, 10, 27 and 28.5 (2004)]. Source SOURCE: Adopted as Chapter 2: Air Pollution, Rule 207: Nitrogen Oxides Emissions, R71-23, 4 PCB 191, April 13, 1972, filed and effective April 14, 1972; amended at 2 Ill. Reg. 17, p. 101, effective April 13, 1978; codified at 7 Ill. Reg. 13609; amended in R01-9 at 25 Ill. Reg. 128, effective December 26, 2000; amended in R01-11 at 25 Ill. Reg. 4597, effective March 15, 2001; amended in R01-16 and R01-17 at 25 Ill. Reg. 5914, effective April 17, 2001; amended in R07-18 at 31 Ill. Reg. 14271, effective September 25, 2007; amended in R07-19, at 33 Ill. Reg. ___, effective ____, amended in R08-19, at 33 Ill. Reg. __, effective ______, amended in R09-20 at 33 Ill. Reg. ____, effective _____. SUBPART W: NOx TRADING PROGRAM FOR ELECTRICAL GENERATING UNITS Section 217.751 Sunset Provisions The provisions of this Subpart W shall not apply for any control period in 2009 or thereafter. Noncompliance with the provisions of this Subpart that occurred prior to 2009 is subject to the applicable provisions of this Subpart. (Source: Added at 33 Ill. Reg. ______ effective _____)

ILLINOIS REGISTER

POLLUTION CONTROL BOARD

NOTICE OF PROPOSED AMENDMENT

Document comparison done by DeltaView on Friday, June 19, 2009 1:45:43 PM

Input:	
Document 1	file://l:/Input/35-217-Agency(issue26).doc
Document 2	file://l:/Input/35-217-JCArr01(issue26).doc
Rendering set	Standard

Legend:	
Insertion	
Deletion	
Moved from-	in
Moved to	#2
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:		
	Count	
Insertions		6
Deletions		7
Moved from		0
Moved to		0
Style change		0
Format changed		0
Total changes		13

1ST NOTICE VERSION

1		TITLE 35: ENVIRONMENTAL PROTECTION
2		SUBTITLE B: AIR POLLUTION
3		CHAPTER I: POLLUTION CONTROL BOARD
4		SUBCHAPTER c: EMISSION STANDARDS AND LIMITATIONS
5		FOR STATIONARY SOURCES
6		
7		PART 217
8		NITROGEN OXIDES EMISSIONS
9		
10		SUBPART A: GENERAL PROVISIONS
11		
12	Section	
13	217.100	Scope and Organization
14	217.101	Measurement Methods
15	217.102	Abbreviations and Units
16	217.102	Definitions
17	217.103	Incorporations by Reference
18	217.104	moorporations by Reference
19		SUBPART B: NEW FUEL COMBUSTION EMISSION SOURCES
20		SODI ART B. INEW TOLL COMBOSTION EMISSION SOURCES
21	Section	
22	217.121	New Emission Sources
23	217.121	New Emission Sources
24		SUBPART C: EXISTING FUEL COMBUSTION EMISSION SOURCES
25		SUBPART C. EXISTING FUEL COMBUSTION EMISSION SOURCES
26	Section	
20 27	217.141	Existing Emission Courses in Major Metropolitan Areas
28	217.141	Existing Emission Sources in Major Metropolitan Areas
29		SUBPART K: PROCESS EMISSION SOURCES
30		SUBFART K. PROCESS EMISSION SOURCES
31	Section	
32	217.301	Industrial Processes
33	217.301	ilidusulai Flocesses
		SUBPART O: CHEMICAL MANUFACTURE
34 35		SUBPART O: CHEMICAL MANUFACTURE
	Section	
36		Nitwin Anid Manufacturin - Dunana
37	217.381	Nitric Acid Manufacturing Processes
38		CUDDADTO, CTATIONADY DECEMBOOATRIC
39		SUBPART Q: STATIONARY RECIPROCATING
40		INTERNAL COMBUSTION ENGINES AND TURBINES
41	O = =4! = ···	
42	Section	A
43	217.386	Applicability

44	217.388	Control and Maintenance Requirements
45	217.390	Emissions Averaging Plans
46	217.392	Compliance
47	217.394	Testing and Monitoring
48	217.394	Recordkeeping and Reporting
49	217.370	Recordaceping and Reporting
50		SUBPART T: CEMENT KILNS
51		SODIART I. CEMENT RIENS
52	Section	
53	217.400	Applicability
54	217.402	Control Requirements
55	217.404	Testing
56	217.406	Monitoring
57	217.408	Reporting
58	217.410	Recordkeeping
59	217.110	Recording
60		SUBPART U: NO _x CONTROL AND TRADING PROGRAM FOR
61		SPECIFIED NO _x GENERATING UNITS
62	Section	SI DOM IDD TYOX GENERALITANG CINITO
63	217.450	Purpose
64	217.452	Severability
65	217.454	Applicability
66	217.456	Compliance Requirements
67	217.458	Permitting Requirements
68	217.460	Subpart U NO _x Trading Budget
69	217.462	Methodology for Obtaining NO _x Allocations
70	217.464	Methodology for Determining NO _x Allowances from the New Source Set-Aside
71	217.466	NO _x Allocations Procedure for Subpart U Budget Units
72	217.468	New Source Set-Asides for "New" Budget Units
73	217.470	Early Reduction Credits (ERCs) for Budget Units
74	217.472	Low-Emitter Requirements
75	217.474	Opt-In Units
76	217.476	Opt-In Process
77	217.478	Opt-In Budget Units: Withdrawal from NO _x Trading Program
78	217.480	Opt-In Units: Change in Regulatory Status
79	217.482	Allowance Allocations to Opt-In Budget Units
80		
81		SUBPART V: ELECTRIC POWER GENERATION
82		
83	Section	
84	217.521	Lake of Egypt Power Plant
85	217.700	Purpose
86	217.702	Severability

87	217.704	Applicability
88	217.706	Emission Limitations
89	217.708	NO _x Averaging
90	217.710	Monitoring
91	217.712	Reporting and Recordkeeping
92		
93		SUBPART W: NO _x TRADING PROGRAM FOR
94		ELECTRICAL GENERATING UNITS
95		
96	Section	
97	217.750	Purpose
98	<u>217.751</u>	Sunset Provisions
99	217.752	Severability
100	217.754	Applicability
101	217.756	Compliance Requirements
102	217.758	Permitting Requirements
103	217.760	NO _x Trading Budget
104	217.762	Methodology for Calculating NO _x Allocations for Budget Electrical Generating
105		Units (EGUs)
106	217.764	NO _x Allocations for Budget EGUs
107	217.768	New Source Set-Asides for "New" Budget EGUs
108	217.770	Early Reduction Credits for Budget EGUs
109	217.774	Opt-In Units
110	217.776	Opt-In Process
111	217.778	Budget Opt-In Units: Withdrawal from NO _x Trading Program
112	217.780	Opt-In Units: Change in Regulatory Status
113	217.782	Allowance Allocations to Budget Opt-In Units
114		
115	SUE	BPART X: VOLUNTARY NO _x EMISSIONS REDUCTION PROGRAM
116		
117	Section	
118	217.800	Purpose
119	217.805	Emission Unit Eligibility
120	217.810	Participation Requirements
121	217.815	NO _x Emission Reductions and the Subpart X NO _x Trading Budget
122	217.820	Baseline Emissions Determination
123	217.825	Calculation of Creditable NO _x Emission Reductions
124	217.830	Limitations on NO _x Emission Reductions
125	217.835	NO _x Emission Reduction Proposal
126	217.840	Agency Action
127	217.845	Emissions Determination Methods
128	217.850	Emissions Monitoring
129	217.855	Reporting

130	217.860	Recor	dkeeping
131	217.865	Enforc	cement
132			
133	217.APPEN	IDIX A	Rule into Section Table
134	217.APPEN	IDIX B	Section into Rule Table
135	217.APPEN	IDIX C	Compliance Dates
136	217.APPEN	IDIX D	Non-Electrical Generating Units
137	217.APPEN	IDIX E	Large Non-Electrical Generating Units
138	217.APPEN		Allowances for Electrical Generating Units
139	217.APPEN	IDIX G	Existing Reciprocating Internal Combustion Engines Affected by the NO _x
140			SIP Call
141			
142			ementing Sections 9.9 and 10 and authorized by Sections 27 and 28.5 of the
143	Environmer	ntal Protec	etion Act [415 ILCS 5/9.9, 10, 27 and 28.5 (2004)].
144			
145			as Chapter 2: Air Pollution, Rule 207: Nitrogen Oxides Emissions, R71-23,
146	4 PCB 191, April 13, 1972, filed and effective April 14, 1972; amended at 2 Ill. Reg. 17, p. 101,		
147	-		778; codified at 7 Ill. Reg. 13609; amended in R01-9 at 25 Ill. Reg. 128,
148			6, 2000; amended in R01-11 at 25 III. Reg. 4597, effective March 15, 2001;
149			and R01-17 at 25 Ill. Reg. 5914, effective April 17, 2001; amended in R07-
150	18 at 31 Ill. Reg. 14271, effective September 25, 2007; amended in R09-20 at 33 Ill. Reg,		
151	effective	•	
152			
153			SUBPART W: NO _x TRADING PROGRAM FOR
154			ELECTRICAL GENERATING UNITS
155	0 4 045		
156	Section 217	./51 Sur	<u>iset Provisions</u>
157	(T)	C41. *.	- C 1 4 W 1 U 4 1 C 4 1 1 1 2000 41 0
158			s Subpart W shall not apply for any control period in 2009 or thereafter.
159			the provisions of this Subpart that occurred prior to 2009 is subject to the
160 161	applicable p	HOVISIONS	of this Subpart.
162	(Say	roo. Add	ed at 33 III Dear effective
102	(300	nce. Add	ed at 33 Ill. Reg, effective)