

**BEFORE THE ILLINOIS POLLUTION CONTROL BOARD**

IN THE MATTER OF:	)	
	)	
PROPOSED NEW CAIR SO <sub>2</sub> , CAIR NO <sub>x</sub>	)	
ANNUAL AND CAIR NO <sub>x</sub> OZONE SEASON	)	R06-26
TRADING PROGRAMS, 35 ILL. ADM.	)	(Rulemaking- Air)
CODE 225, CONTROL OF EMISSIONS	)	
FROM LARGE COMBUSTION SOURCES,	)	
SUBPARTS A, C, D and E	)	

**NOTICE**

TO: Dorothy Gunn, Clerk  
Illinois Pollution Control Board  
James R. Thompson Center  
100 West Randolph, Suite 11-500  
Chicago, Illinois 60601-3218

**SEE ATTACHED SERVICE LIST**

PLEASE TAKE NOTICE that I have today filed with the Office of the Pollution Control Board a MOTION TO AMEND RULEMAKING PROPOSAL, a copy of which is herewith served upon you.

ILLINOIS ENVIRONMENTAL  
PROTECTION AGENCY

By: \_\_\_\_\_  
John J. Kim  
Managing Attorney  
Air Regulatory Unit  
Division of Legal Counsel

DATED: November 27, 2006  
  
1021 North Grand Avenue East  
P.O. Box 19276  
Springfield, Illinois 62794-9276  
217.782.5544  
217.782.9143 (TDD)

**THIS FILING IS SUBMITTED  
ON RECYCLED PAPER**

STATE OF ILLINOIS )  
 ) SS  
COUNTY OF SANGAMON )  
 )

**CERTIFICATE OF SERVICE**

I, the undersigned, an attorney, state that I have served electronically the attached  
MOTION TO AMEND RULEMAKING PROPOSAL upon the following person:

Dorothy Gunn  
Clerk  
Illinois Pollution Control Board  
James R. Thompson Center  
100 West Randolph St., Suite 11-500  
Chicago, IL 60601-3218

and mailing it by first-class mail from Springfield, Illinois, with sufficient postage affixed  
to the following persons:

**SEE ATTACHED SERVICE LIST**

ILLINOIS ENVIRONMENTAL  
PROTECTION AGENCY

---

John J. Kim  
Managing Attorney  
Air Regulatory Unit  
Division of Legal Counsel

Dated: November 27, 2006

1021 North Grand Avenue East  
Springfield, Illinois 62794-9276  
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**R06-26**

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6 **SUBCHAPTER c: EMISSION STANDARDS AND LIMITATIONS**  
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52

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72

AUTHORITY: Implementing Section 10, and authorized by Sections 27 and 28 of the Illinois Environmental Protection Act [415 ILCS 5/10, 27 and 28].

73

SOURCE: Adopted in Docket R06- at Ill. Reg. , effective , 2006<sup>7</sup>

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**SUBPART A: GENERAL PROVISIONS**

77

**Section 225.120 Severability**

78

If any Section, subsection or clause of this Part is found invalid, ~~asueh~~ finding ~~will~~<sup>shall</sup> not affect the validity of this Part as a whole or any Section, sentence or clause not found invalid.

79

**Section 225.103 Abbreviations**

80

Unless otherwise specified within this Part, the abbreviations used in this Part ~~will~~<sup>shall</sup> be the same as those found in 35 Ill. Adm. Code 211. The following abbreviations and acronyms are used in this Part:

81

Act Environmental Protection Act [415 ILCS 5 *et seq.*]

93	<u>Agency</u>	<u>Illinois Environmental Protection Agency</u>
94	Btu	British thermal unit
95	CAA	Clean Air Act [42 U.S.C. 7401]
96	CAAPP	Clean Air Act Permit Program [415 ILCS 5/39.5]
97	CEMS	continuous emissions monitoring systems
98	EGU	electric generating unit
99	GO	Gross electrical output
100	HI	heat input
101	hr	hour
102	kg	kilogram
103	mmBtu	million Btu
104	MW	megawatt
105	MWe	megawatt electrical
106	MWh	megawatt hour
107	NO <sub>x</sub>	nitrogen oxides
108	ORIS	Office of Regulatory Information Systems
109	O <sub>2</sub>	oxygen
110	SO <sub>2</sub>	sulfur dioxide
111	USEPA	United State Environmental Protection Agency
112	yr	year

113  
114 Section 225.130 Definitions

116 The following definitions ~~contained in this Section~~ apply ~~only to~~ for the provisions purposes of  
117 this Part. Unless otherwise defined in this Section and unless or a different meaning for of a  
118 term is clear from its context, the ~~definitions of~~ terms used in this Part shall have the meanings  
119 specified for those terms in 35 Ill. Adm. Code 211, and 40 CFR §§ 96.102, 96.202, and 96.302,  
120 as incorporated by reference in Section 225.140 ~~of this Subpart~~.

122 "Boiler" means an enclosed fossil or other fuel-fired combustion device used to produce  
123 heat and to transfer heat to recirculating water, steam, or other medium.

125 "Bottoming-cycle cogeneration unit" means a cogeneration unit in which the energy input  
126 to the unit is first used to produce useful thermal energy and at least some of the reject  
127 heat from the useful thermal energy application or process is then used for electricity  
128 production.

130 "CAIR authorized account representative" means, ~~with regard to~~ for the purpose of  
131 general accounts, a responsible natural person who is authorized, in accordance with 40  
132 CFR 96 subparts BB, FF, BBB, FFF, and BBBB, and FFFF to transfer and otherwise  
133 dispose of CAIR NO<sub>x</sub> ~~and~~ SO<sub>2</sub> ~~and~~ NO<sub>x</sub> Ozone Season allowances, as applicable, held  
134 in the CAIR NO<sub>x</sub> ~~and~~ SO<sub>2</sub> and NO<sub>x</sub> Ozone Season general account, and ~~with regard to~~ for  
135 the purpose of a CAIR NO<sub>x</sub> compliance account, a CAIR SO<sub>2</sub> Allowance System  
136 Tracking account, or a CAIR NO<sub>x</sub> Ozone Season compliance account, the CAIR  
137 designated representative of the source.

138

139 “CAIR designated representative” means for a CAIR NO<sub>x</sub> source, ~~and~~ a CAIR SO<sub>2</sub>  
140 source, and a CAIR NO<sub>x</sub> Ozone Season source and each CAIR NO<sub>x</sub> unit, ~~and~~ CAIR SO<sub>2</sub>  
141 unit and CAIR NO<sub>x</sub> Ozone Season unit at the source, the natural person who is authorized  
142 by the owners and operators of the source and all such units at the source, in accordance  
143 with 40 CFR 96 subparts BB, FF, BBB, FFF, and BBBB, and FFFF as applicable, to  
144 represent and legally bind each owner and operator in matters pertaining to the CAIR  
145 NO<sub>x</sub> Annual Trading Program, CAIR SO<sub>2</sub> Trading Program, and the CAIR NO<sub>x</sub> Ozone  
146 Season Trading Program, as applicable. For any unit that is subject to one or more of the  
147 following programs: CAIR NO<sub>x</sub> Annual Trading Program, the CAIR SO<sub>2</sub> Trading  
148 Program, the CAIR NO<sub>x</sub> Ozone Season Trading Program, or the federal Acid Rain  
149 Program, the designated representative for ~~thesuch~~ unit ~~shall~~must be the same natural  
150 person for all programs ~~all~~ applicable to the unit.

151  
152 ~~“CAIR NO<sub>x</sub> compliance account” means, for the purposes of Subparts D and E of this~~  
153 ~~Part, a CAIR NO<sub>x</sub> Allowance Tracking System account, established by USEPA for a~~  
154 ~~CAIR NO<sub>x</sub> source under 40 CFR 96 subparts FF and FFFF in which any CAIR NO<sub>x</sub>~~  
155 ~~allowance allocations for the affected units at the source are initially recorded and in~~  
156 ~~which are held any CAIR NO<sub>x</sub> allowances available for use for a control period in order~~  
157 ~~to meet the source’s CAIR NO<sub>x</sub> emissions limitations in accordance with Sections~~  
158 ~~225.410 and 225.510 of this Part, and 40 CFR §§ 96.154 and 96.354, as incorporated by~~  
159 ~~reference in Section 225.140 of this Subpart.~~

160  
161 “CAIR Trading Programs” means the requirements of this Part, and those provisions of  
162 the federal CAIR NO<sub>x</sub> Annual Season, CAIR SO<sub>2</sub>, or CAIR NO<sub>x</sub> Ozone Season Trading  
163 Programs set forth in 40 CFR 96, as incorporated by reference in Section 225.140 of this  
164 Subpart.

165  
166 “Coal-fired” means:

- 167  
168 a) For purposes of Subparts B, D, and E, combusting any amount of coal or  
169 coal-derived fuel, alone or in combination with any amount of any other  
170 fuel, during a specified year;  
171  
172 b) For purposes of Subpart C, combusting any amount of coal or coal-derived  
173 fuel, alone, or in combination with any amount of any other fuel.

174  
175 "Cogeneration unit" means, for the purposes of Subparts C, D, and E, a stationary, fossil  
176 fuel-fired boiler or stationary, fossil fuel-fired combustion turbine:

- 177  
178 a) Having equipment used to produce electricity and useful thermal energy  
179 for industrial, commercial, heating, or cooling purposes through the  
180 sequential use of energy; and  
181  
182 b) Producing during the 12-month period starting on the date the unit first  
183 produces electricity and during any calendar year after the calendar year in  
184 which the unit first produces electricity:

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- 1) For a topping-cycle cogeneration unit:
  - i) Useful thermal energy not less than 5 percent of total energy output; and
  - ii) Useful power that, when added to one-half of useful thermal energy produced, is not less than 42.5 percent of total energy input, if useful thermal energy produced is 15 percent or more of total energy output, or not less than 45 percent of total energy input, if useful thermal energy produced is less than 15 percent of total energy output.
- 2) For a bottoming-cycle cogeneration unit, useful power not less than 45 percent of total energy input.

“Combined cycle system” means a system comprised of one or more combustion turbines, heat recovery steam generators, and steam turbines configured to improve overall efficiency of electricity generation or steam production.

“Combustion turbine” means:

An enclosed device comprising a compressor, a combustor, and a turbine and in which the flue gas resulting from the combustion of fuel in the combustor passes through the turbine, rotating the turbine; and

If the enclosed device ~~pursuant to the~~ paragraph above is combined cycle, any associated ~~duct burner,~~ heat recovery steam generator and steam turbine.

“Commence commercial operation” means, with respect to Subparts C, D and E ~~of this Part,~~ with regard to a unit serving a generator:

- a) To have begun to produce steam, gas, or other heated medium used to generate electricity for sale or use, including test generation, except as provided in 40 CFR § 96.105, 96.205, or 96.305, as incorporated by reference in Section 225.140 ~~of this Subpart.~~
- 1) For a unit that is ~~a CAIR SO<sub>2</sub> unit, CAIR NO<sub>x</sub> unit, or a CAIR NO<sub>x</sub> Ozone Season~~ ~~an affected~~ unit ~~pursuant to~~ 40 CFR § 96.104, 96.204 or 96.304, ~~respectively,~~ on the date the unit commences commercial operation on the later of November 15, 1990 or the date the unit commence commercial operation as defined in paragraph (a) of this definition and that subsequently undergoes a physical change (other than replacement of the unit by a unit at the same source), such date ~~will~~ ~~shall~~ remain the unit’s date of

230 commencement of commercial operation, which ~~will~~ continue  
231 to be treated as the same unit.

232  
233 2) For a unit that is a CAIR SO<sub>2</sub> unit, CAIR NO<sub>x</sub> unit, or a CAIR NO<sub>x</sub>  
234 Ozone Season ~~an-affected~~ unit ~~under~~ pursuant to 40 CFR § 96.104,  
235 96.204 or 96.304, respectively, on the later of November 15, 1990  
236 or the date the unit commences commercial operation as defined in  
237 paragraph (a) of this definition and that is subsequently replaced by  
238 a unit at the same source (e.g., repowered), such date ~~will~~  
239 remain the replaced unit's date of commencement of commercial  
240 operation, and the replaced ~~ment~~ unit ~~will~~ be treated as a  
241 separate unit with a separate date for commencement of  
242 commercial operation as defined in paragraphs (a) or (b) of this  
243 definition as appropriate.

244  
245 b) Notwithstanding paragraph (a) of this definition and except as provided in  
246 40 CFR § 96.105, 96.205, or 96.305 for a unit that is not a CAIR SO<sub>2</sub> unit,  
247 CAIR NO<sub>x</sub> unit, or a CAIR NO<sub>x</sub> Ozone Season ~~an-affected~~ unit pursuant  
248 to ~~under~~ Section 225.305, 225.405, or 225.405, respectively, 40 CFR §  
249 96.104, 96.204 or 96.304 on the later of November 15, 1990 or the date  
250 the unit commences commercial operation as defined in paragraph (a) of  
251 this definition, the unit's date for commencement of commercial operation  
252 ~~will~~ be the date on which the unit becomes an affected unit ~~under~~  
253 pursuant to Section 225.305, 225.405, or 225.405, respectively ~~40 CFR §~~  
254 96.104, 96.204, or 96.304.

255  
256 1) For a unit with a date for commencement of commercial operation  
257 as defined in paragraph (b) of this definition and that subsequently  
258 undergoes a physical change (other than replacement of the unit by  
259 a unit at the same source), such date ~~will~~ remain the unit's  
260 date of commencement of commercial operation, which shall  
261 continue to be treated as the same unit.

262  
263 2) For a unit with a date for commencement of commercial operation  
264 as defined in paragraph (b) of this definition and that is  
265 subsequently replaced by a unit at the same source (e.g.,  
266 repowered), such date ~~will~~ remain the replaced ~~ment~~ unit's  
267 date of commencement of commercial operation, and the  
268 replaced ~~ment~~ unit ~~will~~ be treated as a separate unit with a  
269 separate date for commencement of commercial operation as  
270 defined in paragraph (a) or (b) of this definition as appropriate.

271  
272 ~~e) Notwithstanding paragraphs (a) and (b) of this definition, for a unit not~~  
273 ~~servicing a generator producing electricity for sale, the unit's date of~~  
274 ~~commencement of operation shall also be the unit's date of~~  
275 ~~commencement of commercial operation.~~

276 “Commence construction” means, for the purposes of Section 225.460(f) and 225.560(f),  
277 that the owner or his designee has obtained all necessary preconstruction approvals (e.g.  
278 zoning) or permits and either has:

- 279
- 280 a) Begun, or caused to begin, a continuous program of actual on-site  
281 construction of the source, to be completed within a reasonable time; or  
282
- 283 b) Entered into binding agreements or contractual obligations, which cannot  
284 be cancelled or modified without substantial loss to the owner or operator,  
285 to undertake a program of actual construction of the source to be  
286 completed within a reasonable time. For purposes of this definition:  
287
- 288 1) “Construction” shall be determined as any physical change or  
289 change in the method of operation, including but not limited to  
290 fabrication, erection, installation, demolition, or modification of  
291 projects eligible for CASA allowances, as set forth in Sections  
292 225.460 and 225.560.  
293
- 294 2) “A reasonable time: shall be determined considering but not  
295 limited to the following factors: the nature and size of the project,  
296 the extent of design engineering, the amount of off-site  
297 preparation, whether equipment can be fabricated or can be  
298 purchased, when the project begins (considering both the seasonal  
299 nature of the construction activity and the existence of other  
300 projects competing for construction labor at the same time, the  
301 place of the environmental permit in the sequence of corporate and  
302 overall governmental approval), and the nature of the project  
303 sponsor (e.g., private, public, regulated).  
304

305 “Commence operation,” for purposes of Subparts ~~of~~ C, D and E ~~of this Part~~, means:

- 306
- 307 a) To have begun any mechanical, chemical, or electronic process, including,  
308 ~~with regard to~~for the purpose of a unit, start-up of a unit’s combustion  
309 chamber, except as provided in 40 CFR § 96.105, 96.205, or 96.305, as  
310 incorporated by reference in Section 225.140 ~~of this Subpart~~.
- 311
- 312 ~~b1)~~ For a unit that undergoes a physical change (other than replacement of the  
313 unit by a unit ~~at~~ the same source) after the date the unit commences  
314 operations as defined in paragraph (a) of this definition, such date ~~will~~shall  
315 remain the date of commencement of operation of the unit, which ~~will~~shall  
316 continue to be treated as the same unit.
- 317
- 318 ~~c2)~~ For a unit that is replaced by a unit at the same source (e.g., repowered),  
319 after the date the unit commences operation as defined in paragraph (a) of  
320 this definition, such date ~~will~~shall remain the replaced unit’s date of  
321 commencement of operation, and the replacement unit ~~will~~shall be treated

322 as a separate unit with a separate date for commencement of operation as  
323 defined in paragraphs (a), ~~(b)~~, or (c) of this definition as appropriate.

324  
325 ~~b) Notwithstanding paragraph (a) of this definition and solely for the~~  
326 ~~purposes of 40 CFR 96, subparts HH, HHH, and HHHH, for a unit that is~~  
327 ~~not an affected unit under 40 CFR § 96.104, 96.204, or 96.304 on the later~~  
328 ~~of November 15, 1990 or the date the unit commences operation as~~  
329 ~~defined in paragraph (a) of this definition and subsequently becomes an~~  
330 ~~affected unit, the unit's date for commencement of operation shall be the~~  
331 ~~date on which the unit becomes an affected unit under 40 CFR § 96.104,~~  
332 ~~96.204, or 96.304.~~

333  
334 ~~1) For a unit with a date for commencement of operation as defined in~~  
335 ~~paragraph (b) of this definition and that subsequently undergoes a~~  
336 ~~physical change (other than replacement of the unit by a unit at the~~  
337 ~~same source), such date shall remain the unit's date of~~  
338 ~~commencement of operation.~~

339  
340 ~~2) For a unit with a date for commencement of operation as defined in~~  
341 ~~paragraph (b) of this definition and that is subsequently replaced~~  
342 ~~by a unit at the same source (e.g., repowered), the replacement unit~~  
343 ~~shall be treated as a separate unit with a separate date for~~  
344 ~~commencement of operation as defined in paragraphs (a) or (b) of~~  
345 ~~this definition as appropriate.~~

346  
347 “Common stack” means a single flue through which emissions from two or more units  
348 are exhausted.

349  
350 “Compliance account” means, for the purposes of Subparts D and E, a CAIR NO<sub>x</sub>  
351 Allowance Tracking System account, established by USEPA for a CAIR NO<sub>x</sub> source or  
352 CAIR NO<sub>x</sub> Ozone Season source pursuant to 40 CFR 96 subparts FF and FFFF in which  
353 any CAIR NO<sub>x</sub> allowance or CAIR NO<sub>x</sub> Ozone Season allowance allocations for the  
354 CAIR NO<sub>x</sub> units or CAIR NO<sub>x</sub> Ozone Season units at the source are initially recorded  
355 and in which are held any CAIR NO<sub>x</sub> or CAIR NO<sub>x</sub> Ozone Season allowances available  
356 for use for a control period in order to meet the source's CAIR NO<sub>x</sub> or CAIR NO<sub>x</sub> Ozone  
357 Season emissions limitations in accordance with Sections 225.410 and 225.510, and 40  
358 CFR 96.154 and 96.354, as incorporated by reference in Section 225.140. CAIR NO<sub>x</sub>  
359 allowances may not be used for compliance with the CAIR NO<sub>x</sub> Ozone Season Trading  
360 program and CAIR NO<sub>x</sub> Ozone Season allowances may not be used for compliance with  
361 the CAIR NO<sub>x</sub> Annual Trading program.

362  
363 “Control period” means:

364  
365 For the CAIR SO<sub>2</sub> and NO<sub>x</sub> Annual Trading programs in Subparts C and D ~~of this~~  
366 ~~Part~~, the period beginning January 1 of a calendar year, except as provided in  
367 Sections 225.310(d)(3) and 225.410(d)(3) ~~of this Subpart~~, and ending on

368 December 31 of the same year, inclusive; or

369

370 For the CAIR NO<sub>x</sub> Ozone Season Trading Program in Subpart E ~~of this Part~~, the  
371 period beginning May 1 of a calendar year, except as provided in Section  
372 225.510(d)(3) ~~of this Subpart~~, and ending on September 30 of the same year,  
373 inclusive.

374

375 “Electric generating unit (EGU)” means a fossil fuel-fired stationary boiler, combustion  
376 turbine or combined cycle system that serves a generator that has a nameplate capacity  
377 greater than 25 MWe and produces electricity for sale.

378

379 “Fossil fuel” means natural gas, petroleum, coal, or any form of solid, liquid, or gaseous  
380 fuel derived from such material.

381

382 “Fossil fuel-fired” means the combusting any amount of fossil fuel, alone or in  
383 combination with any other fuel in any calendar year.

384

385 “Generator” means a device that produces electricity.

386

387 “Gross electrical output” means the total electrical output from an ~~electric generating unit~~  
388 ~~(EGU)~~ before making any deductions for energy output used in any way related to the  
389 production of energy. For an ~~electric generating unit~~ EGU generating only electricity, the  
390 gross electrical output is the output from the turbine/generator set.

391

392 “Heat input” means, ~~for the purposes of with regard~~ Subparts C, D, and E ~~of this Part,~~  
393 ~~with regard to~~ a specified period of time, the product (in mmBtu/hr) of the gross calorific  
394 value of the fuel (in Btu/lb) divided by 1,000,000 Btu/mmBtu and multiplied by the fuel  
395 feed rate into a combustion device (in lb of fuel/time), as measured, recorded and  
396 reported to USEPA by the CAIR designated representative and determined by USEPA in  
397 accordance with 40 CFR 96, subpart HH, HHH, or HHHH , if applicable, and excluding  
398 the heat derived from preheated combustion air, recirculated flue gases, or exhaust from  
399 other sources.

400

401 “Higher heating value (HHV)” means the total heat liberated per mass of fuel burned  
402 (Btu per pound), when fuel and dry air at standard conditions undergo complete  
403 combustion and all resultant products are brought to their standard states at standard  
404 conditions.

405

406 “Integrated gasification combined cycle (IGCC)” means a coal-fired electric utility steam  
407 generating unit that burns a synthetic gas derived from coal in a combined-cycle gas  
408 turbine. No coal is directly burned in the unit during operation.

409

410 "Nameplate Capacity" means, starting from the initial installation of a generator, the  
411 maximum electrical generating output (in MWe) that the generator is capable of  
412 producing on a steady state basis and during continuous operation (when not restricted by  
413 seasonal or other deratings) as of such installation as specified by the manufacturer of the

414 generator or, starting from the completion of any subsequent physical change in the  
415 generator resulting in an increase in the maximum electrical generating output (in MWe)  
416 that the generator is capable of producing on a steady state basis and during continuous  
417 operation (when not restricted by seasonal or other deratings), such increased maximum  
418 amount as of such completion as specified by the person conducting the physical change.

419  
420 “Oil-fired unit” means a unit combusting fuel oil for more than 15.0 percent of the annual  
421 heat input in a specified year and not qualifying as coal-fired.

422  
423 ~~“Project sponsor” means a person, including the owner or operator of an electric~~  
424 ~~generating unit that implements or helps to implement an energy efficiency and~~  
425 ~~conservation, renewable energy, or clean technology project as listed in Sections 225.460~~  
426 ~~and 225.560 of this Part.~~

427  
428 “Potential electrical output capacity” means 33 percent of a unit’s maximum design heat  
429 input, expressed in mmBtu/hr divided by 3.413 mmBtu/MWh, and multiplied by 8,760  
430 hr/yr.

431  
432 “Project sponsor” means a person or an entity, including but not limited to the owner or  
433 operator of an EGU or a not-for-profit group, that provides the majority of funding for an  
434 energy efficiency and conservation, renewable energy, or clean technology project as  
435 listed in Sections 225.460 and 225.560, unless another person or entity is designated by a  
436 written agreement as the project sponsor for the purpose of applying for NO<sub>x</sub> allowances  
437 or NO<sub>x</sub> Ozone Season allowances from the CASA.

438  
439 “Rated-energy efficiency” means the percentage of thermal energy input that is recovered  
440 as useable energy in the form of gross electrical output, useful thermal energy, or both  
441 that is used for heating, cooling, industrial processes, or other beneficial uses as follows:

442  
443 For electric generators, rated energy efficiency is calculated as one kilowatt hour  
444 (3,413 Btu) of electricity divided by the unit’s design heat rate using the higher  
445 heating value of the fuel, and expressed as a percentage.

446  
447 For combined heat and power projects, rated-energy efficiency is calculated using  
448 the following formula:

449  
450 
$$REE = ((GO + UTE)/HI) \times 100$$

451  
452 Where:

453  
454 REE = Rated-energy efficiency, expressed as percentage.

455 GO = Gross electrical output of the system expressed in Btu/hr.

456 UTE = Useful thermal output from the system that is used for  
457 heating, cooling, industrial processes or other beneficial  
458 uses, expressed in Btu/hr.

459 HI = Heat input, based upon the higher heating value of fuel, in

460 Btu/hr.

461  
462 “Repowered” means, ~~with regard to~~for the purpose of ~~an electric generating~~ unit,  
463 replacement of a coal-fired boiler with one of the following coal-fired technologies at the  
464 same source as the coal-fired boiler:

465  
466 Atmospheric or pressurized fluidized bed combustion;

467  
468 Integrated gasification combined cycle;

469  
470 Magnetohydrodynamics;

471  
472 Direct and indirect coal-fired turbines;

473  
474 Integrated gasification fuel cells; or

475  
476 As determined by the USEPA, a derivative of one or more of the technologies  
477 listed above, and any other coal-fired technology capable of controlling multiple  
478 combustion emissions simultaneously with improved boiler generation efficiency  
479 and with significantly greater waste reduction relative to the performance of  
480 technology in widespread commercial use as of January 1, 2005.

481  
482 “Total energy output” means, with respect to a cogeneration unit, the sum of useful  
483 power and useful thermal energy produced by the cogeneration unit.

484  
485 “Useful thermal energy” means, ~~with regard to~~for the purpose of a cogeneration unit, the  
486 thermal energy that is made available to an industrial or commercial process, excluding  
487 any heat contained in condensate return or makeup water:

488  
489 Used in a heating application (e.g., space heating or domestic hot water heating);  
490 or

491  
492 Used in a space cooling application (e.g., thermal energy used by an absorption  
493 chiller).

494  
495 Section 225.140 Incorporations by Reference

496  
497 The following materials are incorporated by reference. These incorporations do not include any  
498 later amendments or editions.

499  
500 a) CAIR SO<sub>2</sub> Trading Program, 40 CFR 96, subpart AAA (CAIR SO<sub>2</sub> Trading  
501 Program General Provisions, excluding 40 CFR §§ 96.204, and 96.206); 40 CFR  
502 96, subpart BBB (CAIR Designated Representative for CAIR SO<sub>2</sub> Sources); 40  
503 CFR 96, subpart FFF (CAIR SO<sub>2</sub> Allowance Tracking System); 40 CFR 96,  
504 subpart GGG (CAIR SO<sub>2</sub> Allowance Transfers); and 40 CFR 96, subpart HHH  
505 (Monitoring and Reporting) (2006).

- 506  
507 b) CAIR NO<sub>x</sub> Annual Trading Program, 40 CFR 96, subpart AA (NO<sub>x</sub> Annual  
508 Trading Program General Provisions, excluding 40 CFR §§ 96.104, 96.105(b)(2),  
509 and 96.106); 40 CFR 96, subpart BB (CAIR Designated Representative for CAIR  
510 NO<sub>x</sub> Sources); 40 CFR 96, subpart FF (CAIR NO<sub>x</sub> Allowance Tracking System);  
511 40 CFR 96, subpart GG (CAIR NO<sub>x</sub> Allowance Transfers); and 40 CFR 96,  
512 subpart HH (Monitoring and Reporting) (2006).  
513  
514 c) CAIR NO<sub>x</sub> Ozone Season Trading Program 40 CFR 96, subpart AAAA (CAIR  
515 NO<sub>x</sub> Ozone Season Trading Program General Provisions) (excluding 40 CFR §§  
516 96.304, 96.305(b)(2), and 96.306); 40 CFR 96, subpart BBBB (CAIR Designated  
517 Representative for CAIR NO<sub>x</sub> Ozone Season Sources); 40 CFR 96, subpart FFFF  
518 (CAIR NO<sub>x</sub> Ozone Season Allowance Tracking System); 40 CFR 96, subpart  
519 GGGG (CAIR NO<sub>x</sub> Ozone Season Allowance Transfers); and 40 CFR 96, subpart  
520 HHHH (Monitoring and Reporting) (2006).  
521  
522 d) 40 CFR 75 (20062005).  
523  
524 e) 40 CFR 78 (20062005).  
525  
526 f) Federal Energy Management Program, *M&V Measurement and Verification for*  
527 *Federal Energy Projects*, U.S. Department of Energy, Office of Energy  
528 Efficiency and Renewable Energy, Version 2.2, DOE/GO-102000-0960  
529 (September 2000).

### 531 SUBPART C: CAIR SO<sub>2</sub> TRADING PROGRAM

#### 532 533 Section 225.300 Purpose

534  
535 The purpose of this Subpart C is to control the emissions of sulfur dioxide (SO<sub>2</sub>) from electric  
536 generating units (EGUs) annually by implementing the CAIR SO<sub>2</sub> Trading Program pursuant to  
537 40 CFR 96, as incorporated by reference in Section 225.140 of this Subpart.  
538

#### 539 Section 225.305 Applicability

540  
541 a) Except as provided in subsections (b)(1), (b)(3), and (b)(4) of this Section:

- 542  
543 1) The following units are CAIR SO<sub>2</sub> units, and any source that includes one  
544 or more such units is a CAIR SO<sub>2</sub> source subject to the requirements of  
545 this Subpart C: any stationary, fossil-fuel-fired boiler or stationary, fossil-  
546 fuel-fired combustion turbine serving at any time, since the later of  
547 November 15, 1990 or the start-up the unit's combustion chamber, a  
548 generator with nameplate capacity of more than 25 MWe producing  
549 electricity for sale.  
550

- 551           2) If a stationary boiler or stationary combustion turbine that pursuant to  
552           subsection (a)(1) of this Section, is not a CAIR SO<sub>2</sub> unit begins to combust  
553           fossil fuel or to serve a generator with nameplate capacity of more than 25  
554           MWe producing electricity for sale, the unit will become a CAIR SO<sub>2</sub> unit  
555           as provided in subsection (a)(1) of this Section on the first date on which it  
556           both combusts fossil fuel and serves such generator.  
557
- 558           b) The units that meet the requirements set forth in subsections (b)(1), (b)(3), and  
559           (b)(4) of this Section will not be CAIR SO<sub>2</sub> units and units that meet the  
560           requirements of subsections (b)(2) and (b)(5) of this Section are CAIR SO<sub>2</sub> units:  
561
- 562           1) Any unit that is a CAIR SO<sub>2</sub> unit pursuant to subsection (a)(1) or (a)(2) of  
563           this Section and:  
564
- 565                   A) Qualifies as a cogeneration unit during the 12-month period  
566                   starting on the date the unit first produces electricity and  
567                   continuing to qualify as a cogeneration unit; and  
568
- 569                   B) Does not serve at any time, since the later of November 15, 1990  
570                   or the start-up of the unit's combustion chamber, a generator with  
571                   nameplate capacity of more than 25 MWe supplying any calendar  
572                   year more than one-third of the of the unit's potential electric  
573                   output capacity or 219,000 MWh, whichever is greater, to any  
574                   utility power distribution for sale.  
575
- 576           2) If a unit qualifies as a cogeneration unit during the 12-month period  
577           starting on the date the unit first produces electricity and meets the  
578           requirements of subsection (b)(1) of this Section for at least one calendar  
579           year, but subsequently no longer meets all such requirements, the unit  
580           shall become a CAIR SO<sub>2</sub> unit starting on the earlier of January 1 after the  
581           first calendar year during which the unit no longer qualifies as a  
582           cogeneration unit or January 1 after the first calendar year during which  
583           the unit no longer meets the requirements of subsection (b)(1)(B) of this  
584           Section.  
585
- 586           3) Any unit that is a CAIR SO<sub>2</sub> unit pursuant to subsection (a)(1) or (a)(2) of  
587           this Section commencing operation before January 1, 1985 and:  
588
- 589                   A) Qualifies as a solid waste incineration unit; and  
590
- 591                   B) With an average annual fuel consumption of non-fossil fuel for  
592                   1985-1987 exceeding 80 percent (on a Btu basis) and an average  
593                   annual fuel consumption of non-fossil fuel for any three  
594                   consecutive calendar years after 1990 exceeding 80 percent (on a  
595                   Btu basis).  
596

597 4) Any unit that is a CAIR SO<sub>2</sub> unit under subsection (a)(1) or (a)(2) of this  
598 Section commencing operation on or after January 1, 1985: and

599 A) Qualifies as a solid waste incineration unit; and

601 B) With an average annual fuel consumption of non-fossil fuel the  
602 first three years of operation exceeding 80 percent (on a Btu basis)  
603 and an average annual fuel consumption of non-fossil fuel for any  
604 three consecutive calendar years after 1990 exceeding 80 percent  
605 (on a Btu basis).

606  
607  
608 5) If a unit qualifies as a solid waste incineration unit and meets the  
609 requirements of subsection (b)(3) or (b)(4) of this Section for at least three  
610 consecutive years, but subsequently no longer meets all such  
611 requirements, the unit shall become a CAIR SO<sub>2</sub> unit starting on the  
612 earlier of January 1 after the first three consecutive calendar years after  
613 1990 for which the unit has an average annual fuel consumption of fuel of  
614 20 percent or more.

615  
616 ~~a) — A fossil fuel fired stationary boiler, combustion turbine is an electric generating~~  
617 ~~unit if it serves a generator that has a nameplate capacity greater than 25 MWe~~  
618 ~~and produces electricity for sale and is not included in Appendix D of 35 Ill.~~  
619 ~~Adm. Code Part 217. An electric generating unit is subject to the SO<sub>2</sub> Trading~~  
620 ~~Program contained in this Subpart and is a CAIR SO<sub>2</sub> unit or an affected unit for~~  
621 ~~the purposes of this Subpart.~~

622  
623 ~~b) — Notwithstanding subsection (a) of this Section, an EGU shall not be an affected~~  
624 ~~unit and is not subject to the CAIR SO<sub>2</sub> Trading Program contained in this~~  
625 ~~Subpart if it meets the requirements of either subsection (b)(1)(A) or (b)(2)(A) of~~  
626 ~~this Section, as follows:~~

627  
628 ~~1) — A unit that:~~

629  
630 ~~A) — Meets the definition of a cogeneration unit in Section 225.130 of~~  
631 ~~this Part; and~~

632  
633 ~~i) — Qualifies as a cogeneration unit during the 12-month period~~  
634 ~~starting on the date the unit first produces electricity, and~~  
635 ~~continues to qualify as a cogeneration unit; and~~

636  
637 ~~ii) — Does not serve at any time, since the later of November 15,~~  
638 ~~1990, or the start-up of the unit's combustion chamber, a~~  
639 ~~generator with a nameplate capacity of more than 25 MWe,~~  
640 ~~and which supplies in any calendar year more than one-~~  
641 ~~third of the unit's potential electrical output capacity or~~  
642 ~~219,000 MWh, whichever is greater, to a utility power~~

~~distribution system for sale.~~

~~B) If a unit qualifies as a cogeneration unit during the 12-month period starting on the date the unit first produces electricity but subsequently no longer qualifies as a cogeneration unit, the unit shall be subject to subsection (a) of this Section starting on the January 1 after which the unit first no longer qualifies as a cogeneration unit.~~

~~2) A unit that:~~

~~A) Qualifies as a solid waste incineration unit as defined by Section 129(g) of the CAA [42 U.S.C. § 7429(g)]; and~~

~~i) Commences operation on or after January 1, 1985; and~~

~~ii) Has an average annual fuel consumption of non-fossil fuel for the first three calendar years of operation exceeding 80 percent (on a Btu basis) and an average annual fuel consumption of non-fossil fuel for any three consecutive calendar years after 1990 exceeding 80 percent (on a Btu basis).~~

~~B) If a unit qualifies as a solid waste incineration unit and meets the requirements of subsection (b)(2)(A) of this Section for at least three consecutive calendar years, but subsequently no longer meets all such requirements, the unit shall become an affected unit starting on the January 1 after which the unit has an average annual fuel consumption of fossil fuel of 20 percent or more.~~

Section 225.310 Compliance Requirements

- a) The owner or operator of ~~a CAIR SO<sub>2</sub> an-affected~~ unit ~~shall~~must comply with the requirements of the CAIR SO<sub>2</sub> Trading Program for Illinois as set forth in this Subpart C and 40 CFR 96, subpart AAA (CAIR SO<sub>2</sub> Trading Program General Provisions, excluding 40 CFR §§ 96.204, and 96.206); 40 CFR 96, subpart BBB (CAIR Designated Representative for CAIR SO<sub>2</sub> Sources); 40 CFR 96, subpart FFF (CAIR SO<sub>2</sub> Allowance Tracking System); 40 CFR 96, subpart GGG (CAIR SO<sub>2</sub> Allowance Transfers); and 40 CFR 96, subpart HHH (Monitoring and Reporting); as incorporated by reference in Section 225.140 of this Part.
- b) Permit requirements:
- 1) The owner or operator of each source with one or more CAIR SO<sub>2</sub>affected units at the source must apply for a permit issued by the Agency with federally enforceable conditions covering the CAIR SO<sub>2</sub> Trading Program

- 689 (“CAIR SO<sub>2</sub> permit”) that complies with the requirements of Section  
690 225.320 ~~of this Subpart~~ (Permit Requirements).
- 691
- 692 2) The owner or operator of each ~~CAIR SO<sub>2</sub> affected~~ source and each ~~CAIR~~  
693 ~~SO<sub>2</sub> affected~~ unit at the source must operate the ~~CAIR SO<sub>2</sub> affected~~ unit in  
694 compliance with ~~its~~ CAIR SO<sub>2</sub> permit.
- 695
- 696 c) Monitoring requirements:
- 697
- 698 1) The owner or operator of each ~~CAIR SO<sub>2</sub> affected~~ source and each ~~CAIR~~  
699 ~~SO<sub>2</sub> affected~~ unit at the source must comply with the monitoring  
700 requirements of 40 CFR 96, subpart HHH. The CAIR designated  
701 representative of each ~~CAIR SO<sub>2</sub> affected~~ source and each ~~CAIR SO<sub>2</sub>~~  
702 ~~affected~~ unit at the ~~CAIR SO<sub>2</sub> affected~~ source must comply with those  
703 sections of the monitoring, ~~reporting and recordkeeping~~ requirements of  
704 40 CFR 96, subpart HHH, applicable to the CAIR designated  
705 representative.
- 706
- 707 2) The compliance of each ~~CAIR SO<sub>2</sub> affected source~~ unit with the emissions  
708 limitation ~~pursuant to~~ subsection (d) of this Section ~~will~~ be  
709 determined by the emissions measurements recorded and reported in  
710 accordance with 40 CFR 96, subpart HHH and 40 CFR 75.
- 711
- 712 d) Emission requirements:
- 713
- 714 1) By the allowance transfer deadline, March 1, 2011, and by March 1 of  
715 each subsequent year, the ~~owner or operator~~ ~~CAIR designated~~  
716 ~~representative~~ of each ~~CAIR SO<sub>2</sub> affected~~ source and each ~~CAIR SO<sub>2</sub>~~  
717 ~~affected~~ unit at the source ~~shall~~ ~~must~~ hold ~~a tonnage equivalent in~~ CAIR  
718 SO<sub>2</sub> allowances available for compliance deductions ~~pursuant to~~ 40  
719 CFR §§ 96.254(a) and (b) in the ~~CAIR SO<sub>2</sub> affected~~ source’s CAIR SO<sub>2</sub>  
720 Allowance System Tracking account. ~~The allowance transfer deadline~~  
721 ~~means by midnight of March 1 (if it is a business day) or midnight of the~~  
722 ~~first business day thereafter.~~ The number of allowances held ~~may~~ ~~shall~~ not  
723 be less than the ~~total~~ tons of SO<sub>2</sub> emissions for the control period from all  
724 ~~CAIR SO<sub>2</sub> affected~~ units at the ~~CAIR SO<sub>2</sub> affected~~ source, ~~rounded to the~~  
725 ~~nearest whole ton~~, as determined in accordance with 40 CFR 96, subpart  
726 HHH, ~~plus any number of allowances necessary to account for actual~~  
727 ~~utilization (e.g., for testing, start-up, malfunction, and shut-down).~~
- 728
- 729 2) Each ton of SO<sub>2</sub> emitted by ~~a CAIR SO<sub>2</sub> an-affected~~ unit in excess of the  
730 ~~tonnage authorization~~ number of CAIR SO<sub>2</sub> allowances held by the owner  
731 or operator for each ~~CAIR SO<sub>2</sub> affected~~ unit in its CAIR SO<sub>2</sub> Allowance  
732 System Tracking account for each ~~day of the applicable~~ control period  
733 ~~will~~ constitute a separate violation of this Subpart ~~C, the Clean Air~~  
734 ~~Act~~, and the Act.

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- 3) Each CAIR SO<sub>2</sub> affected unit ~~will~~shall be subject to the monitoring ~~and compliance~~ requirements of subsections (c)(1) ~~and (d)(1)~~ of this Section starting on the later of January 1, ~~2009~~2010, or the deadline for meeting the unit's monitoring certification requirements ~~pursuant to~~under 40 CFR § 96.270(b)(1) or (2) ~~and for each control period thereafter~~.
  - 4) CAIR SO<sub>2</sub> allowances ~~shall~~must be held in, deducted from, or transferred ~~into or~~ among allowance accounts in accordance with this Subpart and 40 CFR 96, subparts FFF and GGG.
  - 5) In order to comply with the requirements of subsection (d)(1) of this Section, a CAIR SO<sub>2</sub> allowance may not be ~~deducted~~utilized for ~~compliance according to subsection (d)(1) of this Section, for~~ a control period in a calendar year ~~before~~prior to the year for which the allowance is allocated.
  - 6) A CAIR SO<sub>2</sub> allowance ~~allocated by USEPA under the CAIR SO<sub>2</sub> Trading Program~~ is a limited authorization to emit SO<sub>2</sub> in accordance with the CAIR SO<sub>2</sub> Trading Program. No provision of the CAIR SO<sub>2</sub> Trading Program, the CAIR ~~SO<sub>2</sub>~~ permit application, the CAIR ~~SO<sub>2</sub>~~ permit, or a retired unit exemption ~~pursuant to~~under 40 CFR § 96.205, and no provision of law, ~~will~~shall be construed to limit the authority of the United States or the State to terminate or limit this authorization.
  - 7) A CAIR SO<sub>2</sub> allowance allocated by USEPA ~~pursuant to~~under the CAIR SO<sub>2</sub> Trading Program does not constitute a property right.
  - 8) Upon recordation by USEPA ~~pursuant to~~under 40 CFR 96, subpart FFF or 40 CFR 96, subpart GGG, every allocation, transfer, or deduction of ~~a CAIR SO<sub>2</sub> an~~ allowance to or from ~~a CAIR SO<sub>2</sub> an affected~~ source's compliance account is deemed to amend automatically, and become a part of, any CAIR ~~SO<sub>2</sub>~~ permit of the CAIR SO<sub>2</sub> affected source. This automatic amendment of the CAIR ~~SO<sub>2</sub>~~ permit ~~will~~shall be deemed an operation of law and will not require any further review.
- e) Recordkeeping and reporting requirements:
- 1) Unless otherwise provided, the owner or operator of the CAIR SO<sub>2</sub> affected source and each CAIR SO<sub>2</sub> affected unit at the source ~~shall~~must keep on site at the source each of the documents listed in subsections (e)(1)(A) through (e)(1)(D) of this Section for a period of five (5) years from the date the document is created. This period may be extended for cause, at any time prior to the end of five years, in writing by the Agency or USEPA.

- 781 A) The certificate of representation for the CAIR designated  
782 representative for the source and each ~~CAIR SO<sub>2</sub>affected~~ unit at  
783 the source, all documents that demonstrate the truth of the  
784 statements in the certificate of representation, provided that the  
785 certificate and documents must be retained on site at the source  
786 beyond such five-year period until ~~thesueh~~ documents are  
787 superseded because of the submission of a new certificate of  
788 representation ~~pursuant tounder~~ 40 CFR § 96.213, changing the  
789 CAIR designated representative.
- 790
- 791 B) All emissions monitoring information, in accordance with 40 CFR  
792 96, subpart HHH.
- 793
- 794 C) Copies of all reports, compliance certifications, and other  
795 submissions and all records made or required ~~pursuant tounder~~ the  
796 CAIR SO<sub>2</sub> Trading Program or documents necessary to  
797 demonstrate compliance with the requirements of the CAIR SO<sub>2</sub>  
798 Trading Program or with the requirements of this Subpart C.  
799
- 800 D) Copies of all documents used to complete a CAIR SO<sub>2</sub> permit  
801 application and any other submission ~~or documents used to~~  
802 ~~demonstrate compliance pursuant tounder~~ the CAIR SO<sub>2</sub> Trading  
803 Program.
- 804
- 805 2) The CAIR designated representative of ~~a CAIR SO<sub>2</sub>an-affected~~ source and  
806 each ~~CAIR SO<sub>2</sub>affected~~ unit at the source must submit to the Agency and  
807 USEPA the reports and compliance certifications required ~~pursuant~~  
808 ~~tounder~~ the CAIR SO<sub>2</sub> Trading Program, including those ~~pursuant tounder~~  
809 40 CFR 96, subpart HHH.
- 810
- 811 f) Liability:
- 812
- 813 1) No revision of a permit for ~~a CAIR SO<sub>2</sub>an-affected~~ unit ~~mayshall~~ excuse  
814 any violation of the requirements of this Subpart C or the requirements of  
815 the CAIR SO<sub>2</sub> Trading Program.
- 816
- 817 2) Each ~~CAIR SO<sub>2</sub>affected~~ source and each ~~affected-CAIR SO<sub>2</sub>~~ unit ~~shallmust~~  
818 meet the requirements of the CAIR SO<sub>2</sub> Trading Program.
- 819
- 820 3) Any provision of the CAIR SO<sub>2</sub> Trading Program that applies to ~~CAIR~~  
821 ~~SO<sub>2</sub> an-affected~~ source (including any provision applicable to the CAIR  
822 designated representative of ~~a CAIR SO<sub>2</sub>an-affected~~ source) ~~willshall~~ also  
823 apply to the owner and operator of ~~thesueh~~ ~~CAIR SO<sub>2</sub>affected~~ source and  
824 to the owner and operator of each ~~CAIR SO<sub>2</sub>affected~~ unit at the source.
- 825
- 826 4) Any provision of the CAIR SO<sub>2</sub> Trading Program that applies to ~~a CAIR~~

827 ~~SO<sub>2</sub>an-affected~~ unit (including any provision applicable to the CAIR  
828 designated representative of ~~a CAIR SO<sub>2</sub>an-affected~~ unit) ~~will~~shall also  
829 apply to the owner and operator of ~~thesuch CAIR SO<sub>2</sub>affected~~ unit.  
830 ~~Except with regard to the requirements applicable to affected units with a~~  
831 ~~common stack under 40 CFR 96, subpart HHH, the owner, the operator,~~  
832 ~~and the CAIR designated representative of an affected unit shall not be~~  
833 ~~liable for any violation by any other affected unit of which they are not an~~  
834 ~~owner or operator or the CAIR designated representative.~~

835  
836 5) The CAIR designated representative of ~~a CAIR SO<sub>2</sub>an-affected~~ unit that  
837 has excess SO<sub>2</sub> emissions in any control period ~~shall~~must surrender the  
838 allowances as required for deduction ~~pursuant tounder~~ 40 CFR §  
839 96.254(d)(1).

840  
841 6) The owner or operator of ~~a CAIR SO<sub>2</sub>an-affected~~ unit that has excess SO<sub>2</sub>  
842 emissions in any control period ~~shall~~must pay any fine, penalty, or  
843 assessment or comply with any other remedy imposed ~~pursuant tounder~~  
844 the Act and 40 CFR § 96.254(d)(2).

845  
846 g) Effect on other authorities. No provision of the CAIR SO<sub>2</sub> Trading Program, a  
847 CAIR ~~SO<sub>2</sub>~~ permit application, a CAIR ~~SO<sub>2</sub>~~ permit, or a retired unit exemption  
848 ~~pursuant tounder~~ 40 CFR § 96.205 ~~will~~shall be construed as exempting or  
849 excluding the owner and operator and, to the extent applicable, the CAIR  
850 designated representative of ~~a CAIR SO<sub>2</sub>an-affected~~ source or ~~a CAIR~~  
851 ~~SO<sub>2</sub>affected~~ unit, from compliance with any other regulation promulgated  
852 ~~pursuant tounder~~ the CAA, the Act, any State regulation or permit, or a federally  
853 enforceable permit.

854  
855 Section 225.315 Appeal Procedures

856  
857 The appeal procedures for decisions of USEPA ~~pursuant tounder~~ the CAIR SO<sub>2</sub> Trading Program  
858 are set forth in 40 CFR 78, as incorporated by reference in Section 225.140 ~~of this Part~~.

859  
860 Section 225.320 Permit Requirements

861  
862 a) Permit requirements:

863  
864 1) The owner or operator of each source with ~~a CAIR SO<sub>2</sub>an-affected~~ unit is  
865 required to submit:

866  
867 A) ~~A-a~~ complete permit application addressing all applicable CAIR  
868 SO<sub>2</sub> Trading Program requirements for a permit meeting the  
869 requirements of this Section 225.320, applicable to each ~~CAIR~~  
870 ~~SO<sub>2</sub>affected~~ unit at the source. Each CAIR ~~SO<sub>2</sub>~~ permit ~~must~~shall  
871 contain elements required for a complete CAIR ~~SO<sub>2</sub>~~ permit  
872 application ~~pursuant tounder~~ subsection (b)(2) of this Section.

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B) Any supplemental information that the Agency determines is necessary in order to review a CAIR permit application and issue a CAIR permit.

- 2) Each CAIR ~~SO<sub>2</sub>~~ permit will be issued pursuant to Section 39 or 39.5 of the Act, must~~shall~~ contain federally enforceable conditions addressing all applicable CAIR SO<sub>2</sub> Trading Program and requirements, and will~~shall~~ be a complete and segregable portion of the source's entire permit pursuant to~~under~~ subsection (a)(1) of this Section.
- 3) No CAIR ~~SO<sub>2</sub>~~ permit may~~shall~~ be issued and no CAIR SO<sub>2</sub> Allowance System Tracking account may~~shall~~ be established for the CAIR SO<sub>2</sub> affected~~an affected~~ source, until the Agency and USEPA have received a complete certificate of representation for a CAIR designated representative or alternate designated representative pursuant to~~under~~ 40 CFR 96, subpart BBB, for an~~an~~ source and the CAIR SO<sub>2</sub> affected~~affected~~ unit at the source.
- 4) For all CAIR SO<sub>2</sub> affected~~affected~~ units that commenced operation before July 1, 2008, the owner or operator of the~~such~~ unit must submit a CAIR ~~SO<sub>2</sub>~~ permit application meeting the requirements of this Section 225.320 on or before July 1, 2008.
- 5) For CAIR SO<sub>2</sub> affected~~affected~~ units and~~and~~ that commence operation on or after July 1, 2008, and that are and are not subject to Section 39.5 of the Act, the owner or operator of such units must submit applications for construction and operating permits pursuant to the requirements of Sections 39 and 39.5 of the Act, as applicable, and 35 Ill. Adm. Code 201 and the~~such~~ applications must specify that they are applying for CAIR ~~SO<sub>2</sub>~~ permits, and must address the CAIR ~~SO<sub>2</sub>~~ permit application requirements of this Section 225.320.

b) Permit applications:

- 1) Duty to apply. The owner or operator of any source with one or more CAIR SO<sub>2</sub> affected~~affected~~ units shall~~must~~ submit to the Agency a CAIR ~~SO<sub>2</sub>~~ permit application for the source covering each CAIR SO<sub>2</sub> affected~~affected~~ unit pursuant to~~under~~ subsection (b)(2) of this Section by the applicable deadline in subsection (a)(4) or (a)(5) of this Section. The owner or operator of any source with one or more CAIR SO<sub>2</sub> affected~~affected~~ units shall~~must~~ reapply for a CAIR ~~SO<sub>2</sub>~~ permit for the source as required by this Subpart, 35 Ill. Adm. Code 201, and, as applicable, Sections 39 and 39.5 of the Act.

- 917 2) Information requirements for CAIR SO<sub>2</sub> permit applications. A complete  
918 CAIR SO<sub>2</sub> permit application ~~shall~~must include the following elements  
919 concerning the source for which the application is submitted:  
920  
921 A) Identification of the source, including plant name. The ORIS  
922 (Office of Regulatory Information Systems) or facility code  
923 assigned to the source by the Energy Information Administration  
924 ~~shall~~must also be included, if applicable;  
925  
926 B) Identification of each CAIR SO<sub>2</sub>affected unit at the source; and  
927  
928 C) The compliance requirements applicable to each CAIR  
929 SO<sub>2</sub>affected unit as set forth in Section 225.310 ~~of this Subpart~~.  
930  
931 3) An application for a CAIR SO<sub>2</sub> permit ~~will~~shall be treated as a  
932 modification of the CAIR SO<sub>2</sub>affected source's existing federally  
933 enforceable permit, if such a permit has been issued for that CAIR  
934 SO<sub>2</sub>affected source, and ~~will~~shall be subject to the same procedural  
935 requirements. When the Agency issues a CAIR SO<sub>2</sub> permit pursuant to the  
936 requirements of this Section 225.320, it ~~will~~shall be incorporated into and  
937 become part of that CAIR SO<sub>2</sub>affected source's existing federally  
938 enforceable permit.  
939

940 c) Permit content. Each CAIR permit is deemed to incorporate automatically the  
941 definitions and terms pursuant to Section 225.120 and, upon recordation of  
942 USEPA under 40 CFR 96, Subparts FFF and GGG as incorporated by reference in  
943 Section 225.140, every allocation, transfer, or deduction of a CAIR SO<sub>2</sub>  
944 allowance to or from the compliance account of the CAIR SO<sub>2</sub> source covered by  
945 the permit.  
946

947 Section 225.325 Trading Program  
948

- 949 a) The CAIR SO<sub>2</sub> Trading Program is administered by USEPA. CAIR SO<sub>2</sub>  
950 allowances are ~~issued as described by the definition for allocate in 40 CFR~~  
951 ~~96.220, as incorporated by reference in Section 225.140~~~~determined by USEPA~~  
952 ~~pursuant to the Acid Rain Program, Title IV of the CAA, 42 U.S.C. § 7651~~. The  
953 amount of ~~such~~ CAIR SO<sub>2</sub> allowances to be credited to ~~a CAIR SO<sub>2</sub>an affected~~  
954 source's CAIR SO<sub>2</sub> Allowance Tracking System account for ~~a CAIR SO<sub>2</sub>an~~  
955 ~~affected~~ unit ~~will~~shall be determined ~~in accordance with 40 CFR 96.253, as~~  
956 ~~incorporated by reference in Section 225.140~~~~by USEPA~~.  
957  
958 b) A CAIR SO<sub>2</sub> allowance is a limited authorization to emit SO<sub>2</sub> during the calendar  
959 year for which the allowance is allocated or any calendar year thereafter pursuant  
960 to~~under~~ the CAIR SO<sub>2</sub> Trading Program as follows:  
961

- 962 1) For one CAIR SO<sub>2</sub> allowance allocated for a control period in a year  
 963 before 2010, ~~one ton of SO<sub>2</sub> the retirement ratio shall be one ton of SO<sub>2</sub> to~~  
 964 ~~1.0 CAIR SO<sub>2</sub> allowance~~, except as provided for in the compliance  
 965 deductions pursuant to 40 CFR § 96.254(b);
- 966
- 967 2) For one CAIR SO<sub>2</sub> allowance allocated for a control period in 2010  
 968 through 2014, ~~0.5 ton of SO<sub>2</sub> the retirement ratio shall be one ton of SO<sub>2</sub> to~~  
 969 ~~2.0 CAIR SO<sub>2</sub> allowances~~, except as provided for in the compliance  
 970 deductions pursuant to 40 CFR § 96.254(b); and
- 971
- 972 3) For one CAIR SO<sub>2</sub> allowance allocated for a control period in 2015 or  
 973 later, ~~0.35 ton of SO<sub>2</sub> the retirement ratio shall be one ton of SO<sub>2</sub> to 2.86~~  
 974 ~~CAIR SO<sub>2</sub> allowances~~, except as provided for in the compliance  
 975 deductions pursuant to 40 CFR § 96.254(b).
- 976

977 **SUBPART D: CAIR NO<sub>x</sub> ANNUAL TRADING PROGRAM**

978

979 Section 225.400 Purpose

980

981 The purpose of this Subpart D is to control the annual emissions of nitrogen oxides (NO<sub>x</sub>) from  
 982 electric generating units (EGU) by determining allocations and implementing the CAIR NO<sub>x</sub>  
 983 Annual Trading Program.

984

985 Section 225.405 Applicability

986

987 a) Except as provided in subsections (b)(1), (b)(3), and (b)(4) of this Section:

988

989 1) The following units are CAIR NO<sub>x</sub> units, and any source that includes one  
 990 or more such units is a CAIR NO<sub>x</sub> source subject to the requirements of  
 991 this Subpart D: any stationary, fossil-fuel-fired boiler or stationary, fossil-  
 992 fuel-fired combustion turbine serving at any time, since the later of  
 993 November 15, 1990 or the start-up the unit's combustion chamber, a  
 994 generator with nameplate capacity of more than 25 MWe producing  
 995 electricity for sale.

996

997 2) If a stationary boiler or stationary combustion turbine that pursuant to  
 998 subsection (a)(1) of this Section, is not a CAIR NO<sub>x</sub> unit begins to  
 999 combust fossil fuel or to serve a generator with nameplate capacity of  
 1000 more than 25 MWe producing electricity for sale, the unit will become a  
 1001 CAIR NO<sub>x</sub> unit as provided in subsection (a)(1) of this Section on the first  
 1002 date on which it both combusts fossil fuel and serves such generator.

1003

1004 b) The units that meet the requirements set forth in subsections (b)(1), (b)(3), and  
 1005 (b)(4) of this Section will not be CAIR NO<sub>x</sub> units and units that meet the  
 1006 requirements of subsections (b)(2) and (b)(5) of this Section are CAIR NO<sub>x</sub> units:

1007

- 1008 1) Any unit that is a CAIR NO<sub>x</sub> unit pursuant to subsection (a)(1) or (a)(2) of  
1009 this Section and:  
1010  
1011 A) Qualifies as a cogeneration unit during the 12-month period  
1012 starting on the date the unit first produces electricity and  
1013 continuing to qualify as a cogeneration unit; and  
1014  
1015 B) Does not serve at any time, since the later of November 15, 1990  
1016 or the start-up of the unit's combustion chamber, a generator with  
1017 nameplate capacity of more than 25 MWe supplying any calendar  
1018 year more than one-third of the of the unit's potential electric  
1019 output capacity or 219,000 MWh, whichever is greater, to any  
1020 utility power distribution for sale.  
1021  
1022 2) If a unit qualifies as a cogeneration unit during the 12-month period  
1023 starting on the date the unit first produces electricity and meets the  
1024 requirements of subsection (b)(1) of this Section for at least one calendar  
1025 year, but subsequently no longer meets all such requirements, the unit  
1026 shall become a CAIR NO<sub>x</sub> unit starting on the earlier of January 1 after the  
1027 first calendar year during which the unit no longer qualifies as a  
1028 cogeneration unit or January 1 after the first calendar year during which  
1029 the unit no longer meets the requirements of subsection (b)(1)(B) of this  
1030 Section.  
1031  
1032 3) Any unit that is a CAIR NO<sub>x</sub> unit pursuant to subsection (a)(1) or (a)(2) of  
1033 this Section commencing operation before January 1, 1985 and:  
1034  
1035 A) Qualifies as a solid waste incineration unit; and  
1036  
1037 B) With an average annual fuel consumption of non-fossil fuel for  
1038 1985-1987 exceeding 80 percent (on a Btu basis) and an average  
1039 annual fuel consumption of non-fossil fuel for any three  
1040 consecutive calendar years after 1990 exceeding 80 percent (on a  
1041 Btu basis).  
1042  
1043 4) Any unit that is a CAIR NO<sub>x</sub> unit under subsection (a)(1) or (a)(2) of this  
1044 Section commencing operation on or after January 1, 1985: and  
1045  
1046 A) Qualifies as a solid waste incineration unit; and  
1047  
1048 B) With an average annual fuel consumption of non-fossil fuel the  
1049 first three years of operation exceeding 80 percent (on a Btu basis)  
1050 and an average annual fuel consumption of non-fossil fuel for any  
1051 three consecutive calendar years after 1990 exceeding 80 percent  
1052 (on a Btu basis).  
1053

- 1054 5) If a unit qualifies as a solid waste incineration unit and meets the  
1055 requirements of subsection (b)(3) or (b)(4) of this Section for at least three  
1056 consecutive years, but subsequently no longer meets all such  
1057 requirements, the unit shall become a CAIR NO<sub>x</sub> unit starting on the  
1058 earlier of January 1 after the first three consecutive calendar years after  
1059 1990 for which the unit has an average annual fuel consumption of fuel of  
1060 20 percent or more.
- 1061 a) ~~A fossil fuel-fired stationary boiler, combustion turbine or combined-cycle system~~  
1062 ~~is an electric generating unit if it serves a generator that has a nameplate capacity~~  
1063 ~~greater than 25 MWe and produces electricity for sale and is not included in~~  
1064 ~~Appendix D of 35 Ill. Adm. Code Part 217. An electric generation unit is subject~~  
1065 ~~to the NO<sub>x</sub> Trading Program contained in this Subpart and is a CAIR NO<sub>x</sub> unit or~~  
1066 ~~affected unit for the purposes of this Subpart.~~
- 1067
- 1068 b) ~~Notwithstanding subsection (a) of this Section, an EGU shall not be an affected~~  
1069 ~~unit and is not subject to the NO<sub>x</sub> Trading Program contained in this Subpart if it~~  
1070 ~~meets the requirements of either subsection (b)(1)(A) or (b)(2)(A) of this Section,~~  
1071 ~~as follows:~~
- 1072
- 1073 1) ~~A unit that:~~
- 1074
- 1075 A) ~~Meets the definition of a cogeneration unit in Section 225.130 of~~  
1076 ~~this Part; and~~
- 1077
- 1078 i) ~~Qualifies as a cogeneration unit during the 12-month period~~  
1079 ~~starting on the date the unit first produces electricity and~~  
1080 ~~continues to qualify as a cogeneration unit; and~~
- 1081
- 1082 ii) ~~Does not serve at any time, since the later of November 15,~~  
1083 ~~1990, or the start-up of the unit's combustion chamber, a~~  
1084 ~~generator with a nameplate capacity of more than 25 MWe,~~  
1085 ~~and which supplies in any calendar year more than one-~~  
1086 ~~third of the unit's potential electrical output capacity or~~  
1087 ~~219,000 MWh, whichever is greater, to a utility power~~  
1088 ~~distribution system for sale.~~
- 1089
- 1090 B) ~~If a unit qualifies as a cogeneration unit during the 12-month~~  
1091 ~~period starting on the date the unit first produces electricity but~~  
1092 ~~subsequently no longer qualifies as a cogeneration unit, the unit~~  
1093 ~~shall be subject to subsection (a) of this Section starting on the~~  
1094 ~~January 1 after which the unit first no longer qualifies as a~~  
1095 ~~cogeneration unit.~~
- 1096
- 1097 2) ~~A unit that:~~
- 1098
- 1099 A) ~~Qualifies as a solid waste incineration unit as defined by Section~~

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~~129(g) of the CAA [42 U.S.C. § 7429(g)]; and~~

~~i) Commences operation on or after January 1, 1985; and~~

~~ii) Has an average annual fuel consumption of non-fossil fuel for the first three calendar years of operation exceeding 80 percent (on a Btu basis) and an average annual fuel consumption of non-fossil fuel for any three consecutive calendar years after 1990 exceeding 80 percent (on a Btu basis).~~

~~B) If a unit qualifies as a solid waste incineration unit and meets the requirements of subsection (b)(2)(A) of this Section for at least three consecutive calendar years, but subsequently no longer meets all such requirements, the unit shall become an affected unit starting on the January 1 after which the unit has an average annual fuel consumption of fossil fuel of 20 percent or more.~~

Section 225.410 Compliance Requirements

- a) The owner or operator of ~~a CAIR NO<sub>x</sub> an-affected~~ unit ~~shall~~must comply with the requirements of the CAIR NO<sub>x</sub> Annual Trading Program for Illinois ~~as~~re set forth in this Subpart D and 40 CFR 96, subpart AA (NO<sub>x</sub> Annual Trading Program General Provisions, excluding 40 CFR §§ 96.104, 96.105(b)(2), and 96.106); 40 CFR 96, subpart BB (CAIR Designated Representative for CAIR NO<sub>x</sub> Sources); 40 CFR 96, subpart FF (CAIR NO<sub>x</sub> Allowance Tracking System); 40 CFR 96, subpart GG (CAIR NO<sub>x</sub> Allowance Transfers); and 40 CFR 96, subpart HH (Monitoring and Reporting); as incorporated by reference in Section 225.140 ~~of this Part~~.
- b) Permit requirements:
  - 1) The owner or operator of each source with one or more CAIR NO<sub>x</sub> affected units at the source must apply for a permit issued by the Agency with federally enforceable conditions covering the CAIR NO<sub>x</sub> Annual Trading Program (“CAIR ~~NO<sub>x</sub>~~ permit”) that complies with the requirements of Section 225.420 ~~of this Subpart~~ (Permit Requirements).
  - 2) The owner or operator of each CAIR NO<sub>x</sub> affected source and each CAIR NO<sub>x</sub> affected unit at the source must operate the CAIR NO<sub>x</sub> affected unit in compliance with ~~its~~such CAIR ~~NO<sub>x</sub>~~ permit.
- c) Monitoring requirements:
  - 1) The owner or operator of each CAIR NO<sub>x</sub> affected source and each CAIR NO<sub>x</sub> affected unit at the source must comply with the monitoring

- 1146 requirements of 40 CFR 96, subpart HH and Section 225.450 ~~of this~~  
1147 ~~Subpart~~. The CAIR designated representative of each CAIR NO<sub>x</sub> affected  
1148 source and each CAIR NO<sub>x</sub> affected unit at the CAIR NO<sub>x</sub> affected source  
1149 must comply with those sections of the monitoring, reporting and  
1150 recordkeeping requirements of 40 CFR 96, subpart HH, applicable to a  
1151 CAIR designated representative.
- 1152
- 1153 2) The compliance of each CAIR NO<sub>x</sub> affected source unit with the NO<sub>x</sub>  
1154 emissions limitation pursuant to~~under~~ subsection (d) of this Section  
1155 will~~shall~~ be determined by the emissions measurements recorded and  
1156 reported in accordance with 40 CFR 96, subpart HH.
- 1157
- 1158 d) Emission requirements:
- 1159
- 1160 1) By the allowance transfer deadline, March 1, 2010, and by March 1 of  
1161 each subsequent year, the allowance transfer deadline, the owner or  
1162 operator~~CAIR designated representative~~ of each CAIR NO<sub>x</sub> affected  
1163 source and each CAIR NO<sub>x</sub> affected unit at the source shall~~must~~ hold  
1164 CAIR NO<sub>x</sub> allowances available for compliance deductions pursuant  
1165 to~~under~~ 40 CFR § 96.154(a) in the CAIR NO<sub>x</sub> affected source's CAIR NO<sub>x</sub>  
1166 compliance account. The allowance transfer deadline means by midnight  
1167 of March 1 (if it is a business day) or midnight of the first business day  
1168 thereafter. The number of allowances held may~~shall~~ not be less than the  
1169 tons of NO<sub>x</sub> emissions for the control period from all CAIR NO<sub>x</sub> affected  
1170 units at the source, ~~rounded to the nearest whole ton,~~ as determined in  
1171 accordance with 40 CFR 96, subpart HH, ~~plus any number of allowances~~  
1172 ~~necessary to account for actual utilization, including, but not limited to~~  
1173 ~~testing, start-up, malfunction, and shut-down.~~
- 1174
- 1175 2) Each ton of NO<sub>x</sub> emitted in excess of the number of CAIR NO<sub>x</sub>  
1176 allowances held by the owner or operator for each CAIR NO<sub>x</sub> affected unit  
1177 in its CAIR NO<sub>x</sub> compliance account for each day of the applicable  
1178 control period will~~shall~~ constitute a separate violation of this Subpart D,  
1179 ~~and~~ the Act, and the CAA.
- 1180
- 1181 3) Each CAIR NO<sub>x</sub> affected unit will~~shall~~ be subject to the monitoring and  
1182 compliance requirements of subsections (c)(1) ~~and (d)(1)~~ of this Section  
1183 starting on the later of January 1, 2009, or the deadline for meeting the  
1184 unit's monitoring certification requirements pursuant to~~under~~ 40 CFR §  
1185 96.170(b)(1) or (b)(2) and for each control period thereafter.
- 1186
- 1187 4) CAIR NO<sub>x</sub> allowances shall~~must~~ be held in, deducted from, or transferred  
1188 among allowance accounts in accordance with this Subpart and 40 CFR  
1189 96, subparts FF and GG.
- 1190
- 1191 5) In order to comply with the requirements of subsection (d)(1) of this

1192 Section, a CAIR NO<sub>x</sub> allowance may not be ~~deducted~~utilized for  
1193 ~~compliance according to subsection (d)(1) of this Section, for~~ a control  
1194 period in a year ~~before prior to~~ the ~~calendar~~ year for which the allowance is  
1195 allocated.

1196

1197 6) A CAIR NO<sub>x</sub> allowance allocated by the Agency or USEPA ~~pursuant~~  
1198 ~~tounder~~ the CAIR NO<sub>x</sub> Annual Trading Program is a limited authorization  
1199 to emit one ton of NO<sub>x</sub> in accordance with the CAIR NO<sub>x</sub> Trading  
1200 Program. No provision of the CAIR NO<sub>x</sub> Trading Program, the CAIR  
1201 NO<sub>x</sub> permit application, the CAIR ~~NO<sub>x</sub>~~ permit, or a retired unit exemption  
1202 ~~pursuant tounder~~ 40 CFR § 96.105, and no provision of law, ~~will~~shall be  
1203 construed to limit the authority of the United States or the State to  
1204 terminate or limit this authorization.

1205

1206 7) A CAIR NO<sub>x</sub> allowance allocated by the Agency or USEPA ~~pursuant~~  
1207 ~~tounder~~ the CAIR NO<sub>x</sub> Annual Trading Program does not constitute a  
1208 property right.

1209

1210 8) Upon recordation by USEPA ~~pursuant tounder~~ 40 CFR 96, subpart FF or  
1211 40 CFR 96, subpart GG, every allocation, transfer, or deduction of ~~a CAIR~~  
1212 ~~NO<sub>x</sub>~~an allowance to or from a CAIR NO<sub>x</sub> source compliance account is  
1213 deemed to amend automatically, and become a part of, any CAIR NO<sub>x</sub>  
1214 permit of the ~~CAIR NO<sub>x</sub>affected~~ source. This automatic amendment of  
1215 the CAIR ~~NO<sub>x</sub>~~ permit ~~will~~shall be deemed an operation of law and will  
1216 not require any further review.

1217

1218 e) Recordkeeping and reporting requirements:

1219

1220 1) Unless otherwise provided, the owner or operator of the ~~CAIR~~  
1221 ~~NO<sub>x</sub>affected~~ source and each ~~CAIR NO<sub>x</sub>affected~~ unit at the source  
1222 ~~shall~~must keep on site at the source each of the documents listed in  
1223 subsections (e)(1)(A) through (e)(1)(E) of this Section for a period of five  
1224 years from the date the document is created. This period may be extended  
1225 for cause, at any time prior to the end of five years, in writing by the  
1226 Agency or USEPA.

1227

1228 A) The certificate of representation for the CAIR designated  
1229 representative for the source and each ~~CAIR NO<sub>x</sub>affected~~ unit at  
1230 the source, all documents that demonstrate the truth of the  
1231 statements in the certificate of representation, provided that the  
1232 certificate and documents must be retained on site at the source  
1233 beyond such five-year period until ~~thesueh~~ documents are  
1234 superseded because of the submission of a new certificate of  
1235 representation ~~pursuant tounder~~ 40 CFR § 96.113, changing the  
1236 CAIR designated representative.

1237

- 1238 B) All emissions monitoring information, in accordance with 40 CFR  
1239 96, subpart HH.  
1240
- 1241 C) Copies of all reports, compliance certifications, and other  
1242 submissions and all records made or required ~~pursuant to~~ the  
1243 CAIR NO<sub>x</sub> Annual Trading Program or documents necessary to  
1244 demonstrate compliance with the requirements of the CAIR NO<sub>x</sub>  
1245 Annual Trading Program or with the requirements of this Subpart  
1246 D.  
1247
- 1248 D) Copies of all documents used to complete a CAIR NO<sub>x</sub> permit  
1249 application and any other submission or documents used to  
1250 demonstrate compliance pursuant to ~~under~~ the CAIR NO<sub>x</sub> Annual  
1251 Trading Program.  
1252
- 1253 E) Copies of all records and logs for gross electrical output and useful  
1254 thermal energy required by Section 225.450 of this Subpart.  
1255
- 1256 2) The CAIR designated representative of an a CAIR NO<sub>x</sub> affected source and  
1257 each CAIR NO<sub>x</sub> affected unit at the source must submit to the Agency and  
1258 USEPA the reports and compliance certifications required pursuant  
1259 to ~~under~~ the CAIR NO<sub>x</sub> Annual Trading Program, including those pursuant  
1260 to ~~under~~ 40 CFR 96, subpart HH.  
1261
- 1262 f) Liability:  
1263
- 1264 1) No revision of a permit for a CAIR NO<sub>x</sub> an affected unit may ~~shall~~ excuse  
1265 any violation of the requirements of this Subpart D or the requirements of  
1266 the CAIR NO<sub>x</sub> Annual Trading Program.  
1267
- 1268 2) Each CAIR NO<sub>x</sub> affected source and each CAIR NO<sub>x</sub> affected unit  
1269 shall ~~must~~ meet the requirements of the CAIR NO<sub>x</sub> Annual Trading  
1270 Program.  
1271
- 1272 3) Any provision of the CAIR NO<sub>x</sub> Annual Trading Program that applies to a  
1273 CAIR NO<sub>x</sub> an affected source (including any provision applicable to the  
1274 CAIR designated representative of a CAIR NO<sub>x</sub> an affected source)  
1275 will ~~shall~~ also apply to the owner and operator of the ~~such~~ CAIR  
1276 NO<sub>x</sub> affected source and to the owner and operator of each CAIR  
1277 NO<sub>x</sub> affected unit at the source.  
1278
- 1279 4) Any provision of the CAIR NO<sub>x</sub> Annual Trading Program that applies to a  
1280 CAIR NO<sub>x</sub> an affected unit (including any provision applicable to the  
1281 CAIR designated representative of a CAIR NO<sub>x</sub> an affected unit) will ~~shall~~  
1282 also apply to the owner and operator of the ~~such~~ CAIR NO<sub>x</sub> affected unit.  
1283 Except with regard to the requirements applicable to affected units with a

1284 ~~common stack under 40 CFR 96, subpart HH, the owner, the operator,~~  
1285 ~~and the CAIR designated representative or alternate designated~~  
1286 ~~representative of an affected unit shall not be liable for any violation by~~  
1287 ~~any other affected unit of which they are not an owner or operator or the~~  
1288 ~~CAIR designated representative.~~

1290 5) The CAIR designated representative of a CAIR NO<sub>x</sub>an-affected unit that  
1291 has excess emissions in any control period ~~shall~~must surrender the  
1292 allowances as required for deduction ~~pursuant to~~under 40 CFR §  
1293 96.154(d)(1).

1295 6) The owner or operator of a CAIR NO<sub>x</sub>an-affected unit that has excess NO<sub>x</sub>  
1296 emissions in any control period ~~shall~~must pay any fine, penalty, or  
1297 assessment or comply with any other remedy imposed ~~pursuant to~~under  
1298 the Act and 40 CFR § 96.154(d)(2).

1300 g) Effect on other authorities. No provision of the CAIR NO<sub>x</sub> Annual Trading  
1301 Program, a CAIR NO<sub>x</sub> permit application, a CAIR NO<sub>x</sub> permit, or a retired unit  
1302 exemption ~~pursuant to~~under 40 CFR § 96.105 ~~will~~shall be construed as exempting  
1303 or excluding the owner and operator and, to the extent applicable, the CAIR  
1304 designated representative of a CAIR NO<sub>x</sub>an-affected source or a CAIR NO<sub>x</sub>an  
1305 affected unit, from compliance with any other regulation promulgated ~~pursuant to~~  
1306 ~~under~~ the CAA, the Act, any State regulation or permit, or a federally enforceable  
1307 permit.

1309 Section 225.415 Appeal Procedures

1311 The appeal procedures for decisions of USEPA ~~pursuant to~~under the CAIR NO<sub>x</sub> Annual Trading  
1312 Program are set forth in 40 CFR 78, as incorporated by reference in Section 225.140 ~~of this Part.~~

1314 Section 225.420 Permit Requirements

1316 a) Permit requirements:

1318 1) The owner or operator of each source with a CAIR NO<sub>x</sub>an-affected unit is  
1319 required to submit:

1321 A) ~~a~~ complete permit application addressing all applicable CAIR  
1322 NO<sub>x</sub> Annual Trading Program requirements for a permit meeting  
1323 the requirements of this Section 225.420, applicable to each CAIR  
1324 NO<sub>x</sub>affected unit at the source. Each CAIR NO<sub>x</sub> permit ~~shall~~must  
1325 contain elements required for a complete CAIR NO<sub>x</sub> permit  
1326 application ~~pursuant to~~under subsection (b)(2) of this Section.

1328 B) Any supplemental information that the Agency determines  
1329 necessary in order to review a CAIR permit application and issue

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any CAIR permit.

- 2) Each CAIR ~~NO<sub>x</sub>~~ permit will be issued pursuant to Section 39 and 39.5 of the Act, shall must contain federally enforceable conditions addressing all applicable CAIR NO<sub>x</sub> Annual Trading Program requirements and shall must be a complete and segregable portion of the source's entire permit pursuant to under subsection (a)(1) of this Section.
  - 3) No CAIR ~~NO<sub>x</sub>~~ permit may shall be issued, and no CAIR NO<sub>x</sub> compliance account may shall be established for a CAIR NO<sub>x</sub> an-affected source, until the Agency and USEPA have received a complete certificate of representation for a CAIR designated representative pursuant to under 40 CFR 96, subpart BB, for the CAIR NO<sub>x</sub> affected-source and the CAIR NO<sub>x</sub> affected unit at the source.
  - 4) For all CAIR NO<sub>x</sub> affected units that commenced operation before July 1, 2007, the owner or operator of thesueh unit must submit a CAIR ~~NO<sub>x</sub>~~ permit application meeting the requirements of this Section 225.420 on or before July 1, 2007.
  - 5) For all CAIR NO<sub>x</sub> affected units and that commence operation on or after July 1, 2007~~8~~, the owner or operator of thesesueh units must submit applications for construction and operating permits pursuant to the requirements of Sections 39 and 39.5 of the Act, as applicable, and 35 Ill. Adm. Code 201 and thesueh applications must specify that they are applying for CAIR ~~NO<sub>x</sub>~~ permits, and must address the CAIR ~~NO<sub>x</sub>~~ permit application requirements of this Section 225.420.
- b) Permit applications:
- 1) Duty to apply. The owner or operator of any source with one or more CAIR NO<sub>x</sub> affected units shall must submit to the Agency a CAIR ~~NO<sub>x</sub>~~ permit application for the source covering each CAIR NO<sub>x</sub> affected unit pursuant to under subsection (b)(2) of this Section by the applicable deadline in subsection (a)(4) or (a)(5) of this Section. The owner or operator of any source with one or more CAIR NO<sub>x</sub> affected units shall must reapply for a CAIR ~~NO<sub>x</sub>~~ permit for the source as required by this Subpart, 35 Ill. Adm. Code 201, and, as applicable, Sections 39 and 39.5 of the Act.
  - 2) Information requirements for CAIR ~~NO<sub>x</sub>~~ permit applications. A complete CAIR ~~NO<sub>x</sub>~~ permit application shall must include the following elements concerning the source for which the application is submitted:
    - A) Identification of the source, including plant name. The ORIS (Office of Regulatory Information Systems) or facility code

1376 assigned to the source by the Energy Information Administration  
1377 shall also be included, if applicable;

1378  
1379 B) Identification of each CAIR NO<sub>x</sub> affected unit at the source; and

1380  
1381 C) The compliance requirements applicable to each CAIR  
1382 NO<sub>x</sub> affected unit as set forth in Section 225.410 of this Subpart.

1383  
1384 3) An application for a CAIR NO<sub>x</sub> permit will be treated as a  
1385 modification of the CAIR NO<sub>x</sub> affected source's existing federally  
1386 enforceable permit, if such a permit has been issued for that source, and  
1387 will be subject to the same procedural requirements. When the  
1388 Agency issues a CAIR NO<sub>x</sub> permit pursuant to the requirements of this  
1389 Section 225.420, it will be incorporated into and become part of that  
1390 source's existing federally enforceable permit.

1391  
1392 c) Permit content. Each CAIR permit is deemed to incorporate automatically the  
1393 definitions and terms pursuant to Section 225.120 and, upon recordation of  
1394 USEPA under 40 CFR 96, Subparts FF and GG as incorporated by reference in  
1395 Section 225.140, every allocation, transfer, or deduction of a CAIR NO<sub>x</sub>  
1396 allowance to or from the compliance account of the CAIR NO<sub>x</sub> source covered by  
1397 the permit.

1398  
1399 Section 225.425 Annual Trading Budget

1400  
1401 The CAIR NO<sub>x</sub> Annual Trading budget available for allowance allocations for each control  
1402 period will be determined as follows:

1403  
1404 a) The total base CAIR NO<sub>x</sub> Annual Trading budget is 76,230 tons per control  
1405 period for the years 2009 through 2014, subject to a reduction for two set-asides,  
1406 the New Unit Set-Aside (NUSA) and the Clean Air Set-Aside (CASA). Five  
1407 percent of the budget will be allocated to the NUSA and 25 percent will  
1408 be allocated to the CASA, resulting in a CAIR NO<sub>x</sub> Annual Trading budget of  
1409 53,361 tons available for allocation per control period pursuant to Section  
1410 225.440 of this Subpart. The requirements of the NUSA are set forth in Section  
1411 225.445 of this Subpart, and the requirements of the CASA are set forth in  
1412 Sections 225.455 through 225.470 of this Subpart.

1413  
1414 b) The total base CAIR NO<sub>x</sub> Annual Trading budget is 63,525 tons per control  
1415 period for the year 2015 and thereafter, subject to a reduction for two set-asides,  
1416 the NUSA and the CASA. Five percent of the budget will be allocated to the  
1417 NUSA and 25 percent will be allocated to the CASA, resulting in a CAIR  
1418 NO<sub>x</sub> Annual Trading budget of 44,468 tons available for allocation per control  
1419 period pursuant to Section 225.440 of this Subpart.

1420  
1421 c) If USEPA adjusts the total base CAIR NO<sub>x</sub> Annual Trading budget for any

1422 reason, the Agency willshall adjust the base CAIR NO<sub>x</sub> Annual Trading budget  
1423 and the CAIR NO<sub>x</sub> Annual Trading budget available for allocation, accordingly.

1424  
1425 Section 225.430 Timing for Annual Allocations

- 1426
- 1427 a) ~~No later than~~By July 31, 2007~~October 31, 2006~~, the Agency willshall submit to  
1428 USEPA the CAIR NO<sub>x</sub> allowance allocations, in accordance with Sections  
1429 225.435 and 225.440 ~~of this Subpart~~, for the 2009, 2010, and 2011 control  
1430 periods.
- 1431
- 1432 b) By October 31, 200~~8~~9, and October 31 of each year thereafter, the Agency  
1433 willshall submit to USEPA the CAIR NO<sub>x</sub> allowance allocations in accordance  
1434 with Sections 225.435 and 225.440 ~~of this Subpart~~, for the control period  
1435 ~~four~~three years after the year of the applicable deadline for submission pursuant  
1436 to~~under~~ this Section 225.430. For example, on October 31, 200~~8~~9, the Agency  
1437 willshall submit to USEPA the allocations for the 2012 control period.
- 1438
- 1439 c) The Agency willshall allocate allowances from the NUSA to CAIR NO<sub>x</sub>affected  
1440 units that commence commercial operation on or after January 1, 2006. The  
1441 Agency willshall report these allocations to USEPA by ~~October 31~~February 15  
1442 ~~of~~after the applicable control period. For example, on ~~October 31~~February 15,  
1443 ~~2009~~2010, the Agency willshall submit to USEPA the allocations from the NUSA  
1444 for the 2009 control period.
- 1445
- 1446 d) The Agency willshall allocate allowances from the CASA to energy efficiency,  
1447 renewable energy, and clean technology projects pursuant to the criteria in  
1448 Sections 225.455 through 225.470 ~~of this Subpart~~. The Agency willshall report  
1449 these allocations to USEPA by ~~October 1~~December 1 of each year. For example,  
1450 on ~~October 1, 2009~~December 1, 2010, the Agency willshall submit to USEPA the  
1451 allocations from the CASA for the ~~2009~~2010 control period, based on reductions  
1452 made in the ~~2008~~2009 control period.

1453  
1454 Section 225.435 Methodology for Calculating Annual Allocations

1455  
1456 The Agency willshall calculate converted gross electrical output (~~CGO~~), in MWh, for each CAIR  
1457 NO<sub>x</sub>affected unit that has operated during at least one calendar year prior to the calendar year in  
1458 which the Agency reports the allocations to USEPA-as follows:

- 1459
- 1460 a) For control periods 2009, 2010, and 2011, the owner or operator of the unit's  
1461 must submit in writing to the Agency by June 1, 2007, a statement that either  
1462 gross electrical output data or heat input data is to be used to calculate the unit's  
1463 converted gross electrical output (CGO). The data shall be used to calculate  
1464 converted gross electrical output pursuant to either subsection (a)(1) or (a)(2) of  
1465 this Section shall be:
- 1466
- 1467 1) Gross electrical output. If the unit has four or five control periods of data,

1468 then the gross electrical output (GO) willshall be the average of the unit's  
1469 three highest gross electrical outputs from the 2001, 2002, 2003, 2004, or  
1470 2005 control periods. If the unit has three or fewer control periods of  
1471 gross electrical output data, the gross electrical output willshall be the  
1472 average of those control periods. If the unit does not have gross electrical  
1473 output for the 2004 and 2005 control periods, the gross electrical output  
1474 willshall be the gross electrical output data from the 2005 control period.  
1475 ~~If the unit does not have gross electrical output, heat input shall be used~~  
1476 ~~pursuant to subsection (a)(2) of this Section.~~ If a generator is served by  
1477 two or more units, the gross electrical output of the generator willshall be  
1478 attributed to each unit in proportion to the unit's share of the total control  
1479 period heat input of ~~thesesueh~~ units for the control period. The unit's  
1480 converted gross electrical output (~~CGO~~) willshall be calculated as follows:

- 1481
- 1482 A) If the unit is coal-fired:  
1483  $CGO \text{ (in MWh)} = GO \times MWh \times 1.0;$   
1484
- 1485 B) If the unit is oil-fired:  
1486  $CGO \text{ (in MWh)} = GO \times MWh \times 0.6;$  or  
1487
- 1488 C) If the unit is neither coal-fired nor oil-fired:  
1489  $CGO \text{ (in MWh)} = GO \times MWh \times 0.4-$   
1490

- 1491 2) ~~If gross electrical output data is not provided to the Agency, H~~heat input  
1492 (HI) ~~shall be used.~~ If the unit has four or five control periods of data, the  
1493 average of the unit's three highest heat input<sup>2</sup>s from the 2001, 2002, 2003,  
1494 2004 or 2005 control period, willshall be used. If the unit has heat inputs  
1495 from the 2003, 2004, or 2005 control period, the heat input willshall be the  
1496 average of those years. If the unit does not have heat input from the 2004  
1497 and 2005 control periods, the heat input from the 2005 control period  
1498 willshall be used. The unit's converted gross electrical output (~~CGO~~)  
1499 willshall be calculated as follows:

- 1500
- 1501 A) If the unit is coal-fired:  
1502  $CGO \text{ (in MWh)} = HI \text{ (in mmBtu)} \times 0.0967;$   
1503
- 1504 B) If the unit is oil-fired:  
1505  $CGO \text{ (in MWh)} = HI \text{ (in mmBtu)} \times 0.0580;$  or  
1506
- 1507 C) If the unit is neither coal-fired nor oil-fired:  
1508  $CGO \text{ (in MWh)} = HI \text{ (in mmBtu)} \times 0.0387.$   
1509

1510 b) For control periods 2012 and 2013, the owner or operator of the unit must submit  
1511 in writing to the Agency by June 1, 2008, a statement that either gross electrical  
1512 output data or heat input data be used to calculate the unit's converted gross  
1513 electrical output. The unit's converted gross electrical output shall be calculated

1514 pursuant to either subsection (b)(1) or (b)(2) of this Section:

1515  
1516 1) Gross electrical output. The average of the unit's two most recent years of  
1517 control period gross electrical output, if available; otherwise it will be the  
1518 unit's most recent control period's gross electrical output. If a generator is  
1519 served by two or more units, the gross electrical output of the generator  
1520 shall be attributed to each unit in proportion to the unit's share of the total  
1521 control period heat input of such units for the control period. The unit's  
1522 converted gross electrical output shall be calculated as follows:

1523  
1524 A) If the unit is coal-fired:

1525  $CGO \text{ (in MWh)} = GO \times MWh \times 1.0;$

1526  
1527 B) If the unit is oil-fired:

1528  $CGO \text{ (in MWh)} = GO \times MWh \times 0.6;$

1529  
1530 C) If the unit is neither coal-fired nor oil-fired:

1531  $CGO \text{ (in MWh)} = GO \times MWh \times 0.4.$

1532  
1533 2) Heat input. The average of the unit's two most recent years of control  
1534 period heat input; otherwise the unit's most recent control period's heat  
1535 input, e.g. for the 2012 control period the average of the unit's heat input  
1536 from the 2006 and 2007 control periods. If the unit does not have heat  
1537 input from the 2006 and 2007 control periods, the heat input from the  
1538 2007 control period shall be used. The unit's converted gross electrical  
1539 output shall be calculated as follows:

1540  
1541 A) If the unit is coal-fired:

1542  $CGO \text{ (in MWh)} = HI \text{ (in mmBtu)} \times 0.0967;$

1543  
1544 B) If the unit is oil-fired:

1545  $CGO \text{ (in MWh)} = HI \text{ (in mmBtu)} \times 0.0580;$  or

1546  
1547 C) If the unit is neither coal-fired nor oil-fired:

1548  $CGO \text{ (in MWh)} = HI \text{ (in mmBtu)} \times 0.0387.$

1549  
1550 cb) For control period ~~2014~~2012 and thereafter, the unit's gross electrical output  
1551 willshall be the average of the unit's two most recent years of control period gross  
1552 electrical output, if available; otherwise it will be the unit's most recent control  
1553 period's gross electrical output. If a generator is served by two or more units, the  
1554 gross electrical output of the generator willshall be attributed to each unit in  
1555 proportion to the unit's share of the total control period heat input of ~~thesesueh~~  
1556 units for the control period. The unit's converted gross electrical output willshall  
1557 be calculated as follows:

1558  
1559 1) If the unit is coal-fired:

1560 CGO (in MWh) = GO × 1.0;

1561

1562 2) If the unit is oil-fired:

1563 CGO (in MWh) = GO × 0.6; or

1564

1565 3) If the unit is neither coal-fired nor oil-fired:

1566 CGO (in MWh) = GO × 0.4.

1567

1568 **de)** For a unit that is a combustion turbine or boiler and has equipment used to  
1569 produce electricity and useful thermal energy for industrial, commercial, heating,  
1570 or cooling purposes through the sequential use of energy, the Agency willshall  
1571 add the converted gross electrical output calculated for electricity pursuant to  
1572 subsections (a), (b), or (cb) of this Section to the converted useful thermal energy  
1573 (CUTE) to determine the total converted gross electrical output for the unit  
1574 (TCGO). The Agency willshall determine the converted useful thermal energy by  
1575 using the average of the unit's control period useful thermal energy for the prior  
1576 two control periods, if available, otherwise the unit's control period useful  
1577 thermal output for the prior year willshall be used. The converted useful thermal  
1578 energy willshall be determined using the following equations:

1579

1580 1) If the unit is coal-fired:

1581 CUTE (in MWh) = UTE (in mmBtu) × 0.2930;

1582

1583 2) If the unit is oil-fired:

1584 CUTE (in MWh) = UTE (in mmBtu) × 0.1758; or

1585

1586 3) If the unit is neither coal-fired nor oil-fired:

1587 CUTE (in MWh) = UTE (in mmBtu) × 0.1172.

1588

1589 **ed)** The CAIR NO<sub>x</sub>affected unit's converted gross electrical output and converted  
1590 useful thermal energy in subsections (a)(1), (b)(1), (c) and (de) of this Section for  
1591 each control period willshall be based on the best available data reported or  
1592 available to the Agency for the CAIR NO<sub>x</sub>affected unit pursuant to the provisions  
1593 of Section 225.450 of this Subpart.

1594

1595 **fe)** The CAIR NO<sub>x</sub>affected unit's heat input in subsections (a)(2) and (b)(2) of this  
1596 Section for each control period willshall be determined in accordance with 40  
1597 CFR- 75, as incorporated by reference in Section 225.140 of this Part.

1598

1599 Section 225.440 Annual Allocations

1600

1601 a) For the 2009 control period, and each control period thereafter, the Agency  
1602 willshall allocate CAIR NO<sub>x</sub> allowances to all CAIR NO<sub>x</sub>affected units in Illinois  
1603 for which the Agency has calculated the total converted gross electrical output  
1604 pursuant to Section 225.435 of this Subpart, a total amount of CAIR NO<sub>x</sub>  
1605 allowances equal to tons of NO<sub>x</sub> emissions in the CAIR NO<sub>x</sub> Annual Trading

1606 budget available for allocation as determined in Section 225.425~~525~~ of this  
1607 Subpart and allocated pursuant to this Section 225.440 of this Subpart.

1608  
1609 b) The Agency willshall allocate CAIR NO<sub>x</sub> allowances to each CAIR NO<sub>x</sub> affected  
1610 unit on a pro-rata basis using the unit's total converted gross electrical output  
1611 calculated pursuant to Section 225.435 of this Subpart. If there are insufficient  
1612 allowances to allocate whole allowances pro-rata, ~~thesesuch~~ unallocated  
1613 allowances willshall be retained by the Agency and willshall be available for  
1614 allocation in later control periods.

1615  
1616 Section 225.445 New Unit Set-Aside (NUSA)

1617  
1618 For the 2009 control period and each control period thereafter, the Agency willshall allocate  
1619 CAIR NO<sub>x</sub> allowances from the NUSA to CAIR NO<sub>x</sub> affected units that commenced commercial  
1620 operation on or after January 1, 2006, and do not yet have an allocation for the particular control  
1621 period pursuant to Section 225.440 of this Subpart, in accordance with the following procedures:

1622  
1623 a) Beginning with the 2009 control period and each control period thereafter, the  
1624 Agency willshall establish a separate NUSA for each control period. Each NUSA  
1625 willshall be allocated CAIR NO<sub>x</sub> allowances equal to 5 percent of the amount of  
1626 tons of NO<sub>x</sub> emissions in the base CAIR NO<sub>x</sub> Annual Trading budget in Section  
1627 225.425 of this Subpart.

1628  
1629 b) The CAIR designated representative of ~~such a new CAIR NO<sub>x</sub> an affected~~ unit  
1630 may submit to the Agency a request, in a format specified by the Agency, to be  
1631 allocated CAIR NO<sub>x</sub> allowances from the NUSA starting with the first control  
1632 period after the control period in which the new unit commences commercial  
1633 operation and until the first control period for which the unit may use CAIR NO<sub>x</sub>  
1634 allowances allocated to the unit pursuant to under Section 225.440 of this Subpart.  
1635 The NUSA allowance allocation request may only be submitted after a new unit  
1636 has operated during one control period, and no later than March 1 January 15  
1637 of after the control period for which allowances from the NUSA are being  
1638 requested.

1639  
1640 c) In a NUSA allowance allocation request pursuant to under subsection (b) of this  
1641 Section, the CAIR designated representative must provide in its request  
1642 information for gross electrical output and useful thermal energy, if any, for the  
1643 new CAIR NO<sub>x</sub> affected unit for that control period.

1644  
1645 d) The Agency willshall allocate allowances from the NUSA to a new CAIR  
1646 NO<sub>x</sub> affected unit using the following procedures:

1647  
1648 1) For each new CAIR NO<sub>x</sub> affected unit that has operated in at least one  
1649 control period, the unit's gross electrical output for the most recent control  
1650 period willshall be used to calculate the unit's gross electrical output. If a  
1651 generator is served by two or more units, the gross electrical output of the

1652 generator ~~willshall~~ be attributed to each unit in proportion to the unit's  
1653 share of the total control period heat input of ~~thesesueh~~ units for the  
1654 control period. The new unit's converted gross electrical output ~~willshall~~  
1655 be calculated as follows:

- 1656
- 1657 A) If the unit is coal-fired:  
1658  $CGO \text{ (in MWh)} = GO \times 1.0;$   
1659
- 1660 B) If the unit is oil-fired:  
1661  $CGO \text{ (in MWh)} = GO \times 0.6;$  or  
1662
- 1663 C) If the unit is neither coal-fired nor oil-fired:  
1664  $CGO \text{ (in MWh)} = GO \times 0.4.$   
1665

1666 2) If the unit is a combustion turbine or boiler and has equipment used to  
1667 produce electricity and useful thermal energy for industrial, commercial,  
1668 heating, or cooling purposes through the sequential use of energy, the  
1669 Agency ~~willshall~~ add the converted gross electrical output calculated for  
1670 electricity pursuant to subsection (de)(1) of this Section to the converted  
1671 useful thermal energy to determine the total converted gross electrical  
1672 output for the unit. The Agency ~~willshall~~ determine the converted useful  
1673 thermal energy using the unit's useful thermal energy for the most recent  
1674 control period. The converted useful thermal energy ~~willshall~~ be  
1675 determined using the following equations:

- 1676
- 1677 A) If the unit is coal-fired:  
1678  $CUTE \text{ (in MWh)} = UTE \text{ (in mmBtu)} \times 0.2930;$   
1679
- 1680 B) If the unit is oil-fired:  
1681  $CUTE \text{ (in MWh)} = UTE \text{ (in mmBtu)} \times 0.1758;$  or  
1682
- 1683 C) If the unit is neither coal-fired nor oil-fired:  
1684  $CUTE \text{ (in MWh)} = UTE \text{ (in mmBtu)} \times 0.1172.$   
1685

1686 3) The gross electrical output and useful thermal energy in subsections (d)(1)  
1687 and (d)(2) of this Section for each control period ~~willshall~~ be based on the  
1688 best available data reported or available to the Agency for the ~~CAIR~~  
1689 ~~NO<sub>x</sub>affected~~ unit pursuant to the provisions of Section 225.450 ~~of this~~  
1690 ~~Subpart.~~

1691

1692 4) The Agency ~~willshall~~ determine a unit's un-prorated allocation ( $UA_y$ )  
1693 using the unit's converted gross electrical output (~~CGO~~) plus the unit's  
1694 converted useful thermal energy, if any, calculated in subsections (d)(1)  
1695 and (d)(2) of this Section, converted to approximate NO<sub>x</sub> tons (the unit's  
1696 un-prorated allocation), as follows:  
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$$UA_y = \frac{TCGO_y * (1.0\text{lbs/MWh})}{2000\text{lbs/ton}}$$

Where:

- UA<sub>y</sub> = un-prorated allocation to a new CAIR NO<sub>x</sub>affected unit.
- TCGO<sub>y</sub> = total converted gross electrical output for a new CAIR NO<sub>x</sub>affected unit.

- 5) The Agency willshall allocate CAIR NO<sub>x</sub> allowances from the NUSA to new CAIR NO<sub>x</sub>affected units as follows:
  - A) If the NUSA for the control period for which CAIR NO<sub>x</sub> allowances are requested has a number of allowances greater than or equal to the total un-prorated allocations for all new units requesting allowances, the Agency willshall allocate the number of allowances using the un-prorated allocation determined for that unit pursuant to subsection (d)(4) of this Section. ~~If there are insufficient allowances to allocate whole allowances, such unallocated allowances shall be retained by the Agency and shall be available for allocation in a later control period.~~
  - B) If the NUSA for the control period for which the allowances are requested has a number of CAIR NO<sub>x</sub> allowances less than the total un-prorated allocation to all new CAIR NO<sub>x</sub>affected units requesting allocations, the Agency willshall allocate the available allowances for new CAIR NO<sub>x</sub>affected units on a pro-rata basis, using the un-prorated allocation determined for that unit pursuant to subsection (d)(4) of this Section. If there are insufficient allowances to allocate whole allowances, ~~thesuch~~ unallocated allowances willshall be retained by the Agency and willshall be available for allocation in a later control period.
  - C) If the gross electrical output or useful thermal energy reported to the Agency in subsection (d) of this Section is later determined to be greater than the unit's actual gross electrical output or useful thermal energy for the applicable control period, the Agency willshall reduce the unit's allocation from the NUSA for the current control period to account for the excess allowances allocated in the prior control period or periods.
- e) The Agency willshall review each NUSA allowance allocation request pursuant to under subsection (b) of this Section. The Agency willshall accept a NUSA allowance allocation request only if the request meets, or is adjusted by the

- 1742 Agency as necessary to meet, the requirements of this Section [225.445](#).  
 1743  
 1744 f) By ~~June 1 February 8~~ ~~of~~ ~~after~~ the applicable control period, the Agency ~~will~~ ~~shall~~  
 1745 notify each CAIR designated representative that submitted a NUSA allowance  
 1746 request of the amount of CAIR NO<sub>x</sub> allowances from the NUSA, if any, allocated  
 1747 for the control period to the new unit covered by the request.  
 1748  
 1749 g) The Agency ~~will~~ ~~shall~~ allocate CAIR NO<sub>x</sub> allowances to new units from the  
 1750 NUSA no later than ~~October 31 February 15~~ ~~of~~ ~~after~~ the applicable control period.  
 1751  
 1752 h) After a new ~~CAIR NO<sub>x</sub> affected~~ unit has operated in one control period, it  
 1753 becomes an existing unit for the purposes of Section 225.440 ~~of this Subpart~~ only,  
 1754 and the Agency ~~will~~ ~~shall~~ allocate CAIR NO<sub>x</sub> allowances for that unit, for the  
 1755 control period commencing four years in the future pursuant to Section 225.440  
 1756 ~~of this Subpart~~. For example, if a unit commences commercial operation in 2009,  
 1757 in 2010, the Agency ~~will~~ ~~shall~~ allocate to that unit allowances pursuant to Section  
 1758 225.440 for the 201~~43~~ control period. The new ~~CAIR NO<sub>x</sub> affected~~ unit ~~will~~ ~~shall~~  
 1759 continue to receive CAIR NO<sub>x</sub> allowances from the NUSA according to this  
 1760 Section until the unit is eligible to use the CAIR NO<sub>x</sub> allowances allocated to the  
 1761 unit pursuant to Section 225.440 ~~of this Subpart~~.  
 1762  
 1763 ~~ih)~~ If, after the completion of the procedures in subsection (c) of this Section for a  
 1764 control period, any unallocated CAIR NO<sub>x</sub> allowances remain in the NUSA for  
 1765 the control period, the Agency ~~will~~ ~~shall~~, at a minimum, accrue those CAIR NO<sub>x</sub>  
 1766 allowances for future control period allocations to new ~~CAIR NO<sub>x</sub> affected~~ units.  
 1767 The Agency may from time to time elect to retire CAIR NO<sub>x</sub> allowances in the  
 1768 NUSA that are in excess of 15,881 for the purposes of continued progress toward  
 1769 attainment and maintenance of National Ambient Air Quality Standards pursuant  
 1770 to the CAA.

1771  
 1772 Section 225.450 Monitoring, Recordkeeping and Reporting Requirements for Gross  
 1773 Electrical Output and Useful Thermal Energy  
 1774

- 1775 a) By January 1, ~~2008~~ ~~2007~~, or by the date of commencing commercial operation,  
 1776 whichever is later, the owner or operator of the ~~CAIR NO<sub>x</sub> affected~~ unit ~~shall~~ ~~must~~  
 1777 install, calibrate, maintain, and operate a ~~system for measuring gross electrical~~  
 1778 ~~output; wattmeter; and shall~~ ~~must~~ measure gross electrical output in ~~MW-~~  
 1779 ~~hrs megawatt-hours~~ on a continuous basis; and ~~shall~~ ~~must~~ record the output of the  
 1780 ~~measurement system wattmeter~~. If a generator is served by two or more units, the  
 1781 information to determine each unit's heat input for that control period ~~shall~~ ~~must~~  
 1782 also be recorded, so as to allow each unit's share of the gross electrical output to  
 1783 be determined. If heat input data is used, the owner or operator ~~shall~~ ~~must~~ comply  
 1784 with the applicable provisions 40 CFR 75, as incorporated by reference in Section  
 1785 225.140 ~~of this Part~~.  
 1786

- 1787 b) For a ~~CAIR NO<sub>x</sub>an-affected~~ unit that is a cogeneration unit by January 1,  
1788 ~~2008~~2007, or by the date the ~~CAIR NO<sub>x</sub>affected~~ unit commences to produce  
1789 useful thermal energy, whichever is later, the owner or operator of a ~~CAIR NO<sub>x</sub>an~~  
1790 ~~affected~~ unit with cogeneration capabilities ~~shall~~must install, calibrate, maintain,  
1791 and operate meters for steam flow in lbs/hr, temperature in degrees Fahrenheit,  
1792 and pressure in PSI, to measure and record the useful thermal energy that is  
1793 produced, in mmBtu/hr, on a continuous basis. Owners and operators of a ~~CAIR~~  
1794 ~~NO<sub>x</sub>an-affected~~ unit that produces useful thermal energy but uses an energy  
1795 transfer medium other than steam, e.g., hot water ~~or~~; glycol, ~~shall~~must install,  
1796 calibrate, maintain, and operate the necessary meters to measure and record the  
1797 necessary data to express the useful thermal energy produced, in mmBtu/hr, on a  
1798 continuous basis. If the ~~CAIR NO<sub>x</sub>affected~~ unit ceases to produce useful thermal  
1799 energy, the owner or operator may cease operation of the meters, provided that  
1800 operation of ~~thesesuch~~ meters ~~shall~~must be resumed if the ~~CAIR NO<sub>x</sub>affected~~ unit  
1801 resumes production of useful thermal energy.  
1802
- 1803 c) ~~By September 30, 2006,~~†The owner or operator of ~~CAIR NO<sub>x</sub>an-affected~~ unit  
1804 ~~shall~~must report to the Agency:  
1805
- 1806 1)- ~~By June 1, 2007,~~ the gross electrical output for control periods 2001, 2002,  
1807 2003, 2004 and 2005, if available, and, the unit's useful thermal energy  
1808 data, if applicable. ~~If gross electric output is not available, heat input shall~~  
1809 ~~be used for those control periods 2001, 2002, 2003, 2004, and 2005 for~~  
1810 ~~which gross electrical output data is not available.~~ If a generator is served  
1811 by two or more units, the documentation needed to determine each unit's  
1812 share of the heat input of such units for that control period ~~shall~~must also  
1813 be submitted. If heat input data is used, the owner or operator ~~shall~~must  
1814 comply with the applicable provisions 40 CFR 75, as incorporated by  
1815 reference in Section 225.140 ~~of this Part~~.  
1816
- 1817 2) ~~By June 1, 2008, the gross electrical output for control periods 2006 and~~  
1818 ~~2007, if available, and the unit's useful thermal energy data, if applicable.~~  
1819 ~~If a generator is served by two or more units, the documentation needed to~~  
1820 ~~determine each unit's share of the heat input of such units for that control~~  
1821 ~~period must also be submitted. If heat input data is used, the owner or~~  
1822 ~~operator must comply with he applicable provisions of 40 CFR 75, as~~  
1823 ~~incorporated by reference in Section 225.140.~~  
1824
- 1825 d) Beginning with year ~~2008~~2007, the ~~CAIR~~ designated representative of the ~~CAIR~~  
1826 ~~NO<sub>x</sub>affected~~ unit ~~shall~~must submit to the Agency quarterly, by no later than  
1827 ~~January 31,~~ April 30, July 31, ~~and~~ October 31, ~~and~~ January 31 of each year,  
1828 information for the ~~CAIR NO<sub>x</sub>affected~~ unit's gross electrical output, on a monthly  
1829 basis ~~for the prior quarter~~, and, if applicable, the unit's useful thermal energy for  
1830 each month.  
1831

- 1832 e) The owner or operator of a CAIR NO<sub>x</sub> an-affected unit shall must maintain on-site  
1833 the monitoring plan detailing the monitoring system, maintenance of the  
1834 monitoring system, including quality assurance activities pursuant to the  
1835 requirements of 40 CFR 60 and 75, including the applicable provisions for the  
1836 measurement of gross electrical output for the CAIR NO<sub>x</sub> trading program and, if  
1837 applicable, for new units. The monitoring plan must include, but is not limited to:
- 1838
- 1839 1) A description of the system to be used for the measurement of gross  
1840 electrical output including a list of any data logging devices, solid-state  
1841 kW meters, rotating kW meters, electromechanical kW meters, current  
1842 transformers, potential transformers, pressure taps, flow venture, orifice  
1843 plates, flow nozzles, vortex meters, turbine meters, pressure transmitters,  
1844 differential pressure transmitters, temperature transmitters,  
1845 thermocouples, and resistance temperature detectors.
- 1846
- 1847 2) A certification statement by the CAIR designated representative that all  
1848 components of the gross electrical output system have been tested to be  
1849 accurate within three percent and that the gross electrical output system is  
1850 accurate to within ten percent.
- 1851
- 1852 f) The owner or operator of a CAIR NO<sub>x</sub> an-affected unit shall must retain records for  
1853 at least 5 years from the date the record is created or the data collected in  
1854 subsections (a) and (b) of this Section, and the reports submitted to the Agency  
1855 and USEPA in accordance with subsections (c) and (d) of this Section. The  
1856 owner or operator of a CAIR NO<sub>x</sub> an-affected unit shall must retain the monitoring  
1857 plan required in subsection (e) of this Section for at least five years from the date  
1858 that it is replaced by a new or revised monitoring plan.
- 1859

1860

1861 Section 225.455 Clean Air Set-Aside (CASA)

1862

- 1863 a) A project sponsor may apply for allowances from the CASA for sponsoring an  
1864 energy efficiency and conservation, renewable energy, or clean technology  
1865 project as set forth in Section 225.460 of this Subpart by submitting the  
1866 application required by Section 225.470 of this Subpart.
- 1867
- 1868 b) Notwithstanding subsection (a) of this Section, a project sponsor with a CAIR  
1869 NO<sub>x</sub> an-affected source that is out of compliance with this Subpart for a given  
1870 control period may not apply for allowances from the CASA for that control  
1871 period. If a source receives CAIR NO<sub>x</sub> allowances from CASA and then is  
1872 subsequently found to have been out of compliance with this Subpart for the  
1873 applicable control period or periods, the project sponsor must restore the CAIR  
1874 NO<sub>x</sub> allowances that it received pursuant to its CASA request or an equivalent  
1875 number of CAIR NO<sub>x</sub> allowances to the CASA within six months of receipt of an  
1876 Agency notice that NO<sub>x</sub> allowances must be restored finding of noncompliance.

1877 These allowances ~~will~~shall be assigned to the fund from which they were  
1878 distributed.

1879  
1880 c) ~~The Agency will not act as a mediator in situations where more than one project~~  
1881 ~~sponsor requests CAIR NO<sub>x</sub> allowances for the same project. If more than one~~  
1882 ~~project sponsor submits an application for allowances for the same project for the~~  
1883 ~~same control period, the Agency shall reject all such applications.~~

1884  
1885 d) CAIR NO<sub>x</sub> allowances from CASA ~~will~~shall be allocated in accordance with the  
1886 procedures in Section 225.475 ~~of this Subpart.~~

1887  
1888 ~~de)~~ The project sponsor may submit an application that aggregates two or more  
1889 projects under a CASA project category that would individually result in less than  
1890 one allowance, but that equal at a minimum one whole allowance when  
1891 aggregated. ~~The Agency shall not allocate allowances for projects totaling less~~  
1892 ~~than one whole allowance after rounding.~~

1893  
1894 Section 225.460 Energy Efficiency and Conservation, Renewable Energy, and Clean  
1895 Technology Projects

1896  
1897 a) Energy efficiency and conservation project means any of the following projects  
1898 implemented in Illinois:

1899  
1900 1) Demand side management projects that reduce overall power demand by  
1901 using less energy, include:

1902  
1903 A) Smart building management software that more efficiently  
1904 regulates power flows.

1905  
1906 B) The use of or replacement to high efficiency motors, pumps,  
1907 compressors, or steam systems.

1908  
1909 ~~C) Lighting retrofits.~~

1910  
1911 2) Energy efficient new building construction projects include:

1912  
1913 A) ENERGY STAR qualified new home projects.

1914  
1915 B) Measures to reduce ~~or~~ conserve energy consumption beyond the  
1916 requirements of the Illinois Energy Conservation Code for  
1917 Commercial Buildings (20 ILCS 687/6-3).

1918  
1919 C) New residential construction projects that qualify for Energy  
1920 Efficient Tax Incentives ~~pursuant to~~under the Energy Policy Act of  
1921 2005, 42 U.S.C. §15801 (2005).

1922

- 1923  
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1968
- 3) Supply-side energy efficiency projects include projects implemented to improve the efficiency in electricity generation by coal-fired power plants, and the efficiency of electrical transmission and distribution systems.
  - 4) Highly efficient power generation projects, such as, but not limited to, combined cycle projects, combined heat and power, and microturbines. To be considered a highly efficient power generation project pursuant to ~~under~~ this subsection (a)(4), a project must meet the applicable thresholds and criteria listed below:
    - A) For combined heat and power projects generating both electricity and useful thermal energy for space, water, or industrial process heat, a rated-energy efficiency of at least 60 percent and is not a CAIR NO<sub>x</sub> unit.
    - B) For combined cycle projects rated at greater than 0.50 MW, a rated-energy efficiency of at least 50 percent.
    - C) For microturbine projects rated at or below 0.50 MW and all other projects, rated-energy efficiency of at least 40 percent.
  - b) Renewable energy project means any of the following projects implemented in Illinois:
    - 1) Zero-emission electric generating projects, including wind, solar (thermal or photovoltaic), and hydropower projects. Eligible hydropower plants are restricted to new generators, that are not replacements of existing generators, that commence operation on or after January 1, 2006, and do not involve the significant expansion of an existing dam or the construction of a new dam.
    - 2) Renewable energy units are those units that generate electricity using more than 50 percent of the heat input, on an annual basis, from dedicated crops grown for energy production or the capture systems for methane gas from landfills, water treatment plants or sewage treatment plants, and organic waste biomass, and other similar sources of non-fossil fuel energy. Renewable energy projects do not include energy from incineration by burning or heating of waste wood, tires, garbage, general household, institutional lunchroom or office waste, landscape waste, or construction or demolition debris.
  - c) Clean technology project for reducing emissions from producing electricity and useful thermal energy means any of the following projects implemented in Illinois:
    - 1) Air pollution control equipment upgrades at existing coal-fired electric

1969 ~~generating unit~~EGUs, as follows: installation of flue gas desulfurization  
1970 (FGD) for control of SO<sub>2</sub> emissions; installation of a baghouse for control  
1971 of particulate matter emissions; and installation of selective catalytic  
1972 reduction (SCR), selective non-catalytic reduction (SNCR), or other add-  
1973 on control devices for control of NO<sub>x</sub> emissions. Air pollution control  
1974 upgrade projects do not include the addition of low NO<sub>x</sub> burners, overfired  
1975 air techniques or gas reburning techniques for control of NO<sub>x</sub> emissions;  
1976 projects involving flue gas conditioning techniques or upgrades, or  
1977 replacement of electrostatic precipitators; or addition of activated carbon  
1978 injection or other sorbent injection system for control of mercury. For this  
1979 purpose, a unit ~~will~~shall be considered “existing” after it has been in  
1980 commercial operation for at least eight years.

1981

1982 2) Clean coal technologies projects include:

1983

1984 A) Integrated gasification combined cycle (IGCC) plants.

1985

1986 B) Fluidized bed coal combustion.

1987

1988 d) In addition to those projects excluded in subsections (a) through (c) of this  
1989 Section, the following projects are also not eEnergy efficiency and conservation,  
1990 renewable energy, or clean technology projects listed in subsection (a) through (e)  
1991 of this Section shall not include:

1992

1993 1) N~~n~~uclear power projects;

1994

1995 2) P~~p~~rojects required to meet emission standards or technology requirements  
1996 under State or federal law or regulation ~~(~~except that allowances may be  
1997 allocated for:

1998

1999 A) T~~t~~he installation of a baghouse);

2000

2001 B) Projects undertaken pursuant to Section 225.233.

2002

2003 3) P~~p~~rojects used to meet the requirements of a court order or consent decree,  
2004 except that allowances may be allocated for:

2005

2006 A) Emission rates or limits achieved that are lower than what is  
2007 required to meet the emission rates or limits for SO<sub>2</sub> or NO<sub>x</sub>, or for  
2008 installing a baghouse as provided for in a court order or consent  
2009 decree entered into before May 30, 2006.

2010

2011 B) Projects used to meet the requirements of a court order or consent  
2012 decree entered into on or after May 30, 2006, if the court order or  
2013 consent decree does not specifically preclude such allocations.

2014

2015 4) ~~Aa~~ Supplemental Environmental Project (SEP). ~~CASA allowances shall~~  
2016 ~~not be allocated to such projects.~~

2017  
2018 e) Applications for projects that that are not specifically listed in subsections (a)  
2019 through (c) of this Section, and that are not specifically excluded by definition in  
2020 subsections (a) through (c) of this Section or by specific exclusion in subsection  
2021 (d) of this Section, may be submitted to the Agency. ~~The Such~~ application  
2022 shall must designate which category or categories from those listed in subsections  
2023 (a)(1) through (c)(2)(B) of this Section best fits the proposed project and the  
2024 applicable formula ~~pursuant to under~~ Section 225.465(b) ~~of this Section~~ to  
2025 calculate the number of allowances that it is requesting. The Agency will shall  
2026 determine whether the application is approvable based on a sufficient  
2027 demonstration by the project sponsor that the project is a new type of energy  
2028 efficiency, renewable energy, or clean technology project, similar in its effects as  
2029 the projects specifically listed in subsection (a) through (c) of this Section.

2030  
2031 f) Early adopter projects include projects that meet the criteria for any energy  
2032 efficiency and conservation, renewable energy, or clean technology projects listed  
2033 in subsections (a) , (b), (c), and (e) of this Section and commence construction  
2034 between July 1, 2006, and December 31, 2012.

2035  
2036 Section 225.465 CASA Allowances

2037  
2038 a) The CAIR NO<sub>x</sub> allowances for the CASA for each control period will shall be  
2039 assigned to the following categories of projects:

		Phase I (2009-2014)	Phase II (2015 and thereafter)
2040			
2041			
2042			
2043			
2044			
2045	1) Energy Efficiency and Conservation/ Renewable Energy	9149	7625
2046			
2047			
2048	2) Air Pollution Control Equipment Upgrades	3811	3175
2049			
2050			
2051	3) Clean Coal Technology	4573	3810
2052			
2053	4) Early Adopters	1525	1271
2054			

2055 b) The following formulas must shall be used to determine the number of CASA  
2056 allowances that may be allocated to a project per control period:

2057  
2058 1) For an energy efficiency and conservation project pursuant to Sections  
2059 225.460(a)(1) through (a) ~~(4)(A)(3) of this Subpart~~, the number of  
2060 allowances must shall be calculated using the number of megawatt hours of

2061 electricity that was not consumed during a control period and the  
2062 following formula:

2063  
2064 
$$A = (\text{MWh}_c) \times (1.5 \text{ lb/MWh}) / 2000 \text{ lb}$$

2065  
2066 Where:

2067  
2068 A = The number of allowances for a particular project.  
2069 MWh<sub>c</sub> = The number of megawatt hours of electricity  
2070 conserved or generated during a control period by a  
2071 project.

2072  
2073 2) For a zero emission electric generating projects pursuant to Section  
2074 225.460(b)(1) ~~of this Subpart~~, the number of allowances mustshall be  
2075 calculated using the number of megawatt hours of electricity generated  
2076 during a control period and the following formula:

2077  
2078 
$$A = (\text{MWh}_g) \times (2.0 \text{ lb/MWh}) / 2000 \text{ lb}$$

2079  
2080 Where:

2081  
2082 A = The number of allowances for a particular project  
2083 MWh<sub>g</sub> = The number of megawatt hours of electricity  
2084 generated during a control period by a project.

2085  
2086 3) For a renewable energy emission unit pursuant to Section 225.460(b)(2) ~~of~~  
2087 ~~this Subpart~~, the number of allowances mustshall be calculated using the  
2088 number of MWh megawatt hours of electricity generated during a control  
2089 period and the following formula:

2090  
2091 
$$A = (\text{MWh}_g) \times (0.5 \text{ lb/MWh}) / 2000 \text{ lb}$$

2092  
2093 Where:

2094  
2095 A = The number of allowances for a particular project.  
2096 MWh<sub>g</sub> = The number of MW hours of electricity generated  
2097 during a control period by a project.

2098  
2099 4) For an air pollution control equipment upgrade project pursuant to Section  
2100 225.460(c)(1) ~~of this Subpart~~, the number of allowances willshall be  
2101 calculated as follows:

2102  
2103 A) For NO<sub>x</sub> or SO<sub>2</sub> control projects, by determining the difference in  
2104 emitted NO<sub>x</sub> or SO<sub>2</sub> per control period using the emission rate  
2105 before and after replacement or improvement, and the following  
2106 formula:

2107  
2108  
2109  
2110  
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2152

$$A = (\text{MWh}_g) \times K \times (\text{ER}_B \text{ lb/MWh} - \text{ER}_A \text{ lb/MWh}) / 2000 \text{ lb}$$

Where:

- A = The number of allowances for a particular project.
- MWh<sub>g</sub> = The number of megawatt hours of electricity generated during a control period by a project.
- K = The pollutant factor: for NO<sub>x</sub>, K= 0.1; and for SO<sub>2</sub>, K = 0.05.
- ER<sub>B</sub> = Average NO<sub>x</sub> or SO<sub>2</sub> emission rate based on CEMS data from the most recent two control periods prior to the replacement or improvement of the control equipment in lb/MWh, unless subject to a court order or consent decree. For units subject to a court order or consent decree entered into before May 30, 2006, ER<sub>B</sub> is limited to emission rates that are lower than the emission rate required in the consent decree or court order. For a court order or consent decree entered into after May 30, 2006, ER<sub>B</sub> is limited to the lesser of the emission rate specified in the court order or consent decree or the actual average emission rate during the control period. If such limit is not expressed in lb/MWh, the limit must be converted into lb/MWh using a heat rate of 10 mmBtu/1 MW.
- ER<sub>A</sub> = Annual NO<sub>x</sub> or SO<sub>2</sub> average emission rate for the applicable control period data based on CEMS data in lb/MWh.

B) For a baghouse project:

$$A = (\text{MWh}_g) \times (0.2 \text{ lb/MWh}) / 2000 \text{ lb}$$

Where:

- A = The number of allowances for a particular project.
- MWh<sub>g</sub> = The number of MWh megawatt hours of electricity generated during a control period or the portion of a control period that the units were controlled by the baghouse.

2153  $Q = 0.2$ , unless installed pursuant to a court order  
2154 or consent decree which does not specify a  
2155 factor, then  $Q = 0.05$ , or if installed pursuant  
2156 to a consent decree or court order that does  
2157 specify a factor then  $Q$  equals a factor not to  
2158 exceed 0.2.

- 2159  
2160 5) For highly efficient power generation and [clean technology](#)IGCC projects  
2161 pursuant to Sections 225.460(a)(4)(~~B~~), ~~(a)(4)(C)~~, and (c)(2) ~~of this~~  
2162 ~~Subpart~~, the number of allowances ~~must~~shall be calculated using the  
2163 number of megawatt hours of electricity the project generates during a  
2164 control period and the following formula:

2165  
2166  $A = (\text{MWh}_g) \times (1.0 \text{ lb/MWh} - \text{ER lb/MWh}) / 2000 \text{ lb}$

2167  
2168 Where:

- 2169  
2170  $A$  = The number of allowances for a particular project.  
2171  $\text{MWh}_g$  = The number of megawatt hours of electricity  
2172 generated during a control period by a project.  
2173  $\text{ER}$  = Annual average  $\text{NO}_x$  emission rate based on CEMS  
2174 data in lb/MWh.

- 2175  
2176 6) For a CASA project that commences~~ed~~ construction before December 31,  
2177 2012, in addition to the allowances allocated [pursuant to](#)~~under~~ subsections  
2178 (b)(1) through (b)(5) of this Section, a project sponsor may also request  
2179 additional allowances [pursuant to](#)~~under~~ the early adopter project category  
2180 pursuant to Section 225.460(e) ~~of this Section~~ based on the following  
2181 formula:

2182  
2183  $A = 1.0 + 0.10 \times \Sigma A_i$

2184  
2185 Where:

- 2186  
2187  $A$  = The number of allowances for a particular project as  
2188 determined in subsections (b)(1) through (b)(5) of  
2189 this Section.  
2190  $A_i$  = The number of allowances as determined in  
2191 subsection (b)(1), (b)(2), (b)(3), (b)(4) or (b)(5) of  
2192 this Section for a given project.

2193  
2194 Section 225.470 CASA Applications

- 2195  
2196 a) A project sponsor may request allowances if the project commenced construction  
2197 on or after the dates listed below. The project sponsor may request and be

2198 allocated allowances from more than one CASA category for a project, if  
2199 applicable.

2200  
2201 1) Demand side management, energy efficient new construction, and supply  
2202 side energy efficiency and conservation projects that commenced  
2203 construction on or after January 1, 2003;

2204  
2205 2) Fluidized bed coal combustion projects, highly efficient power generation  
2206 operations projects, or renewable energy emission units, which  
2207 commenced construction on or after January 1, 2001; and

2208  
2209 3) All other projects on or after July 1, 2006.

2210  
2211 b) Beginning with the 2009 control period and each control period thereafter, a  
2212 project sponsor may request allowances from the CASA. The application must be  
2213 submitted to the Agency by May 1 of the control period for which the allowances  
2214 are being requested.

2215  
2216 c) The allocation ~~will~~shall be based on the electricity conserved or generated in the  
2217 control period preceding the calendar year in which the application is submitted.  
2218 To apply for a CAIR NO<sub>x</sub> allocation from the CASA, project sponsors must  
2219 provide the Agency with the following information:

2220  
2221 1) Identification of the project sponsor, including name, address, type of  
2222 organization, ~~certification that the project sponsor has met the definition of~~  
2223 ~~“project sponsor” as set forth in Section 225.130,~~ and name(s) of the  
2224 principals or corporate officials.

2225  
2226 2) The number of the CAIR NO<sub>x</sub> general or compliance account for the  
2227 project and the name of the associated CAIR account representative.

2228  
2229 3) A description of the project or projects, location, the role of the project  
2230 sponsor in the projects, and a general explanation of how the amount of  
2231 energy conserved or generated was measured, verified, and calculated, and  
2232 the number of allowances requested ~~and the~~ with ~~the~~ supporting  
2233 calculations. The number of allowances requested ~~will~~shall be calculated  
2234 using the applicable formula from Section 225.470(b) ~~of this Section.~~

2235  
2236 4) Detailed information to support the request for allowances, including the  
2237 following types of documentation for the measurement and verification of  
2238 the NO<sub>x</sub> emissions reductions, electricity generated, or electricity  
2239 conserved using established measurement verification procedures, as  
2240 applicable. The measurement and verification required ~~will~~shall depend  
2241 on the type of project proposed.

2242  
2243 A) As applicable, documentation of the project’s base and control

2244 period conditions and resultant base and control period energy  
2245 data, using the procedures and methods included in *M&V*  
2246 *Guidelines: Measurement and Verification for Federal Energy*  
2247 *Projects*, incorporated by reference in Section 225.140 ~~of this Part~~,  
2248 or other method approved by the Agency. Examples include:  
2249  
2250 i) Energy consumption and demand profiles;  
2251  
2252 ii) Occupancy type;  
2253  
2254 iii) Density and periods;  
2255  
2256 iv) Space conditions or plant throughput for each operating  
2257 period and season. (For example, in a building this would  
2258 include the light level and color, space temperature,  
2259 humidity and ventilation);  
2260  
2261 v) Equipment inventory, nameplate data, location, condition;  
2262 and  
2263  
2264 vi) Equipment operating practices (schedules and set points,  
2265 actual temperatures/pressures).  
2266  
2267 B) Emissions data, including, if applicable, CEMS data;  
2268  
2269 C) Information for rated-energy efficiency including supporting  
2270 documentation and calculations; and  
2271  
2272 D) Electricity, in MWh generated or conserved for the applicable  
2273 control period.  
2274  
2275 5) Notwithstanding the requirements of subsections (c)(4) of this Section,  
2276 applications for fewer than five allowances may propose other reliable and  
2277 applicable methods of quantification acceptable to the Agency.  
2278  
2279 6) Any additional information requested by the Agency to determine the  
2280 correctness of the requested number of allowances, including site  
2281 information, project specifications, supporting calculations, operating  
2282 procedures, and maintenance procedures.  
2283  
2284 7) The following certification by the responsible official for the project  
2285 sponsor and the applicable CAIR account representative for the project:  
2286  
2287 “I am authorized to make this submission on behalf of the project sponsor  
2288 and the holder of the CAIR NO<sub>x</sub> general account or compliance account  
2289 for which the submission is made. I certify under penalty of law that I

2290 have personally examined, and am familiar with the statements and  
2291 information submitted in this application and all its attachments. Based on  
2292 my inquiry of those individuals with primary responsibility for obtaining  
2293 the information, I certify that the statements and information are to the  
2294 best of my knowledge and belief true, accurate, and complete. I am aware  
2295 that there are significant penalties for submitting false statements and  
2296 information or omitting required statements and information.”  
2297

2298 d) A project sponsor may request allowances from the CASA for each project a total  
2299 number of control periods not to exceed the number of control periods listed  
2300 below. After a project has been allocated allowances from CASA, subsequent  
2301 requests for the project from the project sponsor ~~shall~~ must include the information  
2302 required by subsections (c)(1), (c)(2), (c)(3) and (c)(7) of this Section, a  
2303 description of any changes, or further improvements made to the project, and  
2304 information specified in subsections (c)(5) and (c)(6) as specifically requested by  
2305 the Agency.  
2306

2307 1) For energy efficiency and conservation projects (except for efficient  
2308 operation and renewable energy projects), for a total of eight control  
2309 periods.  
2310

2311 2) For early adopter projects, for a total of ten control periods.  
2312

2313 3) For air pollution control equipment upgrades for a total of 15 control  
2314 periods.  
2315

2316 ~~43)~~ For renewable energy projects, clean coal technology, and highly efficient  
2317 power generation projects, for each year that the project is in operation.  
2318

2319 e) A project sponsor must keep copies of all CASA applications and the  
2320 documentation used to support the application for at least five years.  
2321

2322 Section 225.475 Agency Action on CASA Applications  
2323

2324 a) By ~~September~~ ~~October~~ 1, 2009, and each ~~September~~ ~~October~~ 1 thereafter, the  
2325 Agency ~~will~~ shall determine the total number of allowances that are approvable for  
2326 allocation to project sponsors based upon the applications submitted pursuant to  
2327 Section 225.470 ~~of this Subpart~~.  
2328

2329 1) The Agency ~~will~~ shall determine the number of CAIR NO<sub>x</sub> allowances that  
2330 are approvable based on the formulas and the criteria for ~~thesesuch~~  
2331 projects. The Agency ~~will~~ shall notify a project sponsor within 90 days  
2332 after receipt of an application if the project is not approvable, the number  
2333 of allowances requested is not approvable, or additional information is  
2334 needed by the Agency to complete its review of the application.  
2335

- 2336 2) If the total number of CAIR NO<sub>x</sub> allowances requested for approved  
2337 projects is less than or equal to the number of CAIR NO<sub>x</sub> allowances in  
2338 the CASA project category, the number of allowances that are approved  
2339 willshall be allocated to each CAIR NO<sub>x</sub> compliance or general account.  
2340
- 2341 3) If more CAIR NO<sub>x</sub> allowances are requested than the number of CAIR  
2342 NO<sub>x</sub> allowances in a given CASA project category, allowances willshall  
2343 be allocated on a pro-rata basis based on the number of allowances  
2344 available, subject to further adjustment as provided for by subsection (b)  
2345 of this Section. CAIR NO<sub>x</sub> allowances willshall be allocated, transferred,  
2346 or used as whole allowances. The number of whole allowances willshall  
2347 be determined by rounding down for decimals less than 0.5 and rounding  
2348 up for decimals of 0.5 or greater.  
2349
- 2350 b) For control periods 2011 and thereafter, if there are, after the completion of the  
2351 procedures in subsection (a) of this Section for a control period, any CAIR NO<sub>x</sub>  
2352 allowances not allocated to a CASA project for the control period:  
2353
- 2354 1) The remaining allowances will accrue in each CASA project category ~~will~~  
2355 ~~accrue~~ up to twice the number of allowances that are assigned to the  
2356 project category each control period as set forth in Section 225.465 ~~of this~~  
2357 ~~Subpart~~.  
2358
- 2359 2) ~~For control period 2011 and thereafter, If any~~ allowances remain after  
2360 allocations pursuant to subsection (a) of this Section, the Agency in a  
2361 project category that are in excess of twice the number assign for the  
2362 control period as set forth in Section 225.465 of this Subpart willshall  
2363 beallocate these allowances pro-rata to projects that received fewer  
2364 allowances than requested, based on the number of allowances not  
2365 allocated but approved by the Agency for the project under CASA. No  
2366 project may be allocated more allowances than approved by the Agency  
2367 for the applicable redistributed to project categories that have fewer than  
2368 twice the number of allowances assigned to that project category for the  
2369 control period.  
2370
- 2371 3) ~~For control period 2011 and thereafter~~If any allowances remain after the  
2372 allocation of allowances pursuant to subsection (b)(2) of this Section, the  
2373 Agency willshall then distribute pro-rata the remaining reallocate  
2374 allowances to projects that received fewer allowances than requested and  
2375 approved on a pro-rata basis, based on the total number of approved  
2376 allowances for the projects to project categories that have fewer than twice  
2377 the number of allowances assigned to that project category. The pro-rata  
2378 distribution will be based on the difference between two times the project  
2379 category and the number of allowances that remain in the project category.  
2380

2381 4) ~~For control period 2011 and thereafter, if after the redistribution of~~  
2382 ~~allowances pursuant to subsection (b)(2) any allowances remain, these~~  
2383 ~~allowances shall be reassigned to project categories that have fewer than~~  
2384 ~~twice the number of allowances annually assigned to that project category~~  
2385 ~~as set forth in Section 225.465 of this Subpart, after the allocation in~~  
2386 ~~subsection (b)(3) of this Section.~~

2387  
2388 5) ~~The Agency shall repeat the process of allocating allowances to CASA~~  
2389 ~~projects that received fewer allowances than requested and approved, and~~  
2390 ~~reassigning allowances to project categories as set forth in subsections~~  
2391 ~~(b)(2), (b)(3), and (b)(4) of this Section, until no allowances remain to be~~  
2392 ~~reassigned between project categories and the approved allowance~~  
2393 ~~requests have been filled.~~ If allowances still remain  
2394 ~~unallocated undistributed after the allocations and distributions in the~~  
2395 ~~above subsections are completed, the Agency may elect to retire the any~~  
2396 ~~CAIR NO<sub>x</sub> allowances that have not been distributed to any CASA~~  
2397 ~~category remain after all approved requests for allowances have been met~~  
2398 ~~and each project category has accrued twice the number of allowances~~  
2399 ~~assigned for that project category to continue progress toward attainment~~  
2400 ~~or maintenance of the National Ambient Air Quality Standards pursuant to~~  
2401 ~~the CAA.~~

2402  
2403 Section 225.480 Compliance Supplement Pool

2404  
2405 In addition to the CAIR NO<sub>x</sub> allowances allocated ~~pursuant to under~~ Section 225.4235 ~~of this~~  
2406 ~~Subpart~~, the USEPA has provided an additional 11,299 CAIR NO<sub>x</sub> allowances from the federal  
2407 compliance supplement pool to Illinois for the control period in 2009. On January 1, 2009, the  
2408 Agency ~~will shall~~ retire all 11,299 NO<sub>x</sub> allowances for public health and air quality  
2409 improvements.

2410  
2411 **SUBPART E: CAIR NO<sub>x</sub> OZONE SEASON TRADING PROGRAM**

2412  
2413 Section 225.500 Purpose

2414  
2415 The purpose of this Subpart E is to control the seasonal emissions of nitrogen oxides (NO<sub>x</sub>) from  
2416 ~~electric generating unit~~EGUs by determining allocations and implementing the CAIR NO<sub>x</sub>  
2417 Ozone Season Trading Program.

2418  
2419 Section 225.505 Applicability

2420  
2421 a) Except as provided in subsections (b)(1), (b)(3), and (b)(4) of this Section:

2422  
2423 1) The following units are CAIR NO<sub>x</sub> Ozone Season units, and any source  
2424 that includes one or more such units is a CAIR NO<sub>x</sub> source subject to the  
2425 requirements of this Subpart E: any stationary, fossil-fuel-fired boiler or  
2426 stationary, fossil-fuel-fired combustion turbine serving at any time, since

2427 the later of November 15, 1990 or the start-up the unit's combustion  
2428 chamber, a generator with nameplate capacity of more than 25 MWe  
2429 producing electricity for sale.  
2430  
2431 2) If a stationary boiler or stationary combustion turbine that pursuant to  
2432 subsection (a)(1) of this Section, is not a CAIR NO<sub>x</sub> Ozone Season unit  
2433 begins to combust fossil fuel or to serve a generator with nameplate  
2434 capacity of more than 25 MWe producing electricity for sale, the unit will  
2435 become a CAIR NO<sub>x</sub> Ozone Season unit as provided in subsection (a)(1)  
2436 of this Section on the first date on which it both combusts fossil fuel and  
2437 serves such generator.  
2438  
2439 b) The units that meet the requirements set forth in subsections (b)(1), (b)(3), and  
2440 (b)(4) of this Section will not be CAIR NO<sub>x</sub> units and units that meet the  
2441 requirements of subsections (b)(2) and (b)(5) of this Section are CAIR NO<sub>x</sub>  
2442 Ozone Season units:  
2443  
2444 1) Any unit that is a CAIR NO<sub>x</sub> Ozone Season unit pursuant to subsection  
2445 (a)(1) or (a)(2) of this Section and:  
2446  
2447 A) Qualifies as a cogeneration unit during the 12-month period  
2448 starting on the date the unit first produces electricity and  
2449 continuing to qualify as a cogeneration unit; and  
2450  
2451 B) Does not serve at any time, since the later of November 15, 1990  
2452 or the start-up of the unit's combustion chamber, a generator with  
2453 nameplate capacity of more than 25 MWe supplying any calendar  
2454 year more than one-third of the of the unit's potential electric  
2455 output capacity or 219,000 MWh, whichever is greater, to any  
2456 utility power distribution for sale.  
2457  
2458 2) If a unit qualifies as a cogeneration unit during the 12-month period  
2459 starting on the date the unit first produces electricity and meets the  
2460 requirements of subsection (b)(1) of this Section for at least one calendar  
2461 year, but subsequently no longer meets all such requirements, the unit  
2462 shall become a CAIR NO<sub>x</sub> Ozone Season unit starting on the earlier of  
2463 January 1 after the first calendar year during which the unit no longer  
2464 qualifies as a cogeneration unit or January 1 after the first calendar year  
2465 during which the unit no longer meets the requirements of subsection  
2466 (b)(1)(B) of this Section.  
2467  
2468 3) Any unit that is a CAIR NO<sub>x</sub> Ozone Season unit pursuant to subsection  
2469 (a)(1) or (a)(2) of this Section commencing operation before January 1,  
2470 1985 and:  
2471  
2472 A) Qualifies as a solid waste incineration unit; and

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2518

- B) With an average annual fuel consumption of non-fossil fuel for 1985-1987 exceeding 80 percent (on a Btu basis) and an average annual fuel consumption of non-fossil fuel for any three consecutive calendar years after 1990 exceeding 80 percent (on a Btu basis).
- 4) Any unit that is a CAIR NO<sub>x</sub> Ozone Season unit under subsection (a)(1) or (a)(2) of this Section commencing operation on or after January 1, 1985: and
  - A) Qualifies as a solid waste incineration unit; and
  - B) With an average annual fuel consumption of non-fossil fuel the first three years of operation exceeding 80 percent (on a Btu basis) and an average annual fuel consumption of non-fossil fuel for any three consecutive calendar years after 1990 exceeding 80 percent (on a Btu basis).
- 5) If a unit qualifies as a solid waste incineration unit and meets the requirements of subsection (b)(3) or (b)(4) of this Section for at least three consecutive years, but subsequently no longer meets all such requirements, the unit shall become a CAIR NO<sub>x</sub> Ozone Season unit starting on the earlier of January 1 after the first three consecutive calendar years after 1990 for which the unit has an average annual fuel consumption of fuel of 20 percent or more.
  - ~~a) A fossil fuel fired stationary boiler, combustion turbine or combined cycle system is an electrical generating unit if it serves a generator that has a nameplate capacity greater than 25 MWe and produces electricity for sale and is not included in Appendix D of 35 Ill. Adm. Code Part 217. An electric generating unit is subject to the CAIR NO<sub>x</sub> Ozone Season Trading Program contained in this Subpart and is a CAIR NO<sub>x</sub> Ozone Season unit or affected unit for the purposes of this Subpart.~~
  - ~~b) Notwithstanding subsection (a) of this Section, an EGU shall not be an affected unit and is not subject to the CAIR NO<sub>x</sub> Ozone Season Trading Program contained in this Subpart if it meets the requirements of either subsection (b)(1)(A) or (b)(2)(A) of this Section, as follows:~~
    - ~~1) A unit that:~~
      - ~~A) Meets the definition of a cogeneration unit in Section 225.130 of this Part; and~~
      - ~~i) Qualifies as a cogeneration unit during the 12-month period starting on the date the unit first produces electricity and~~

2519 continues to qualify as a cogeneration unit; and

2520  
2521 ii) ~~Does not serve at any time, since the later of November 15,~~  
2522 ~~1990, or the start-up of the unit's combustion chamber, a~~  
2523 ~~generator with a nameplate capacity of more than 25 MWe,~~  
2524 ~~and which supplies in any calendar year more than one-~~  
2525 ~~third of the unit's potential electrical output capacity or~~  
2526 ~~219,000 MWh, whichever is greater, to a utility power~~  
2527 ~~distribution system for sale.~~

2528  
2529 B) ~~If a unit qualifies as a cogeneration unit during the 12-month~~  
2530 ~~period starting on the date the unit first produces electricity but~~  
2531 ~~subsequently no longer qualifies as a cogeneration unit, the unit~~  
2532 ~~shall be subject to subsection (a) of this Section starting on the~~  
2533 ~~January 1 after which the unit first no longer qualifies as a~~  
2534 ~~cogeneration unit.~~

2535  
2536 2) ~~A unit that:~~

2537  
2538 A) ~~Qualifies as a solid waste incineration unit as defined by Section~~  
2539 ~~129(g) of the CAA [42 U.S.C. 7429(g)]; and~~

2540  
2541 i) ~~Commences operation on or after January 1, 1985; and~~

2542  
2543 ii) ~~Has an average annual fuel consumption of non-fossil fuel~~  
2544 ~~for the first three calendar years of operation exceeding 80~~  
2545 ~~percent (on a Btu basis) and an average annual fuel~~  
2546 ~~consumption of non-fossil fuel for any three consecutive~~  
2547 ~~calendar years after 1990 exceeding 80 percent (on a Btu~~  
2548 ~~basis).~~

2549  
2550 B) ~~If a unit qualifies as a solid waste incineration unit and meets the~~  
2551 ~~requirements of subsection (b)(2)(A) of this Section for at least~~  
2552 ~~three consecutive calendar years, but subsequently no longer meets~~  
2553 ~~all such requirements, the unit shall become an affected unit~~  
2554 ~~starting on the January 1 after which the unit has an average annual~~  
2555 ~~fuel consumption of fossil fuel of 20 percent or more.~~

2556  
2557 Section 225.510 Compliance Requirements

- 2558  
2559 a) The owner or operator of ~~a CAIR NO<sub>x</sub> Ozone Season an-affected~~ unit ~~must~~shall  
2560 comply with the requirements of the CAIR NO<sub>x</sub> Ozone Season Trading Program  
2561 for Illinois as set forth in this Subpart E and 40 CFR 96, subpart AAAA (CAIR  
2562 NO<sub>x</sub> Ozone Season Trading Program General Provisions) (excluding 40 CFR §§  
2563 96.304, 96.305(b)(2), and 96.306); 40 CFR 96, subpart BBBB (CAIR Designated  
2564 Representative for CAIR NO<sub>x</sub> Ozone Season Sources); 40 CFR 96, subpart FFFF

2565 (CAIR NO<sub>x</sub> Ozone Season Allowance Tracking System); 40 CFR 96, subpart  
2566 GGGG (CAIR NO<sub>x</sub> Ozone Season Allowance Transfers); and 40 CFR 96,  
2567 subpart HHHH (Monitoring and Reporting); as incorporated by reference in  
2568 Section 225.140 ~~of this Part~~.

2569 b) Permit requirements:

- 2571
- 2572 1) The owner or operator of each source with one or more ~~CAIR NO<sub>x</sub> Ozone~~  
2573 ~~Season~~~~affected~~ units at the source must apply for a permit issued by the  
2574 Agency with federally enforceable conditions covering the CAIR NO<sub>x</sub>  
2575 Ozone Season Trading Program (“CAIR ~~NO<sub>x</sub> Ozone Season~~ permit”) that  
2576 complies with the requirements of Section 225.520 ~~of this Subpart~~  
2577 (Permit Requirements).
- 2578
- 2579 2) The owner or operator of each ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ source  
2580 and each ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ unit at the source must operate  
2581 the ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ unit in compliance with ~~its~~~~such~~  
2582 CAIR ~~NO<sub>x</sub> Ozone Season~~ permit.

2583

2584 c) Monitoring requirements:

- 2585
- 2586 1) The owner or operator of each ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ source  
2587 and each ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ unit at the source must comply  
2588 with the monitoring requirements of 40 CFR 96, subpart HHHH; 40 CFR  
2589 75; and Section 225.550 ~~of this Subpart~~. The CAIR designated  
2590 representative of each ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ source and each  
2591 ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ unit at the source must comply with  
2592 those sections of the monitoring, ~~reporting and recordkeeping~~  
2593 requirements of 40 CFR 6, subpart HHHH, applicable to a CAIR  
2594 designated representative.
- 2595
- 2596 2) The compliance of each ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ ~~source~~~~unit~~ with  
2597 the CAIR NO<sub>x</sub> Ozone Season emissions limitation ~~pursuant to~~~~under~~  
2598 subsection (d) of this Section ~~will~~~~shall~~ be determined by the emissions  
2599 measurements recorded and reported in accordance with 40 CFR 96,  
2600 subpart HHHH.

2601

2602 d) Emission requirements:

- 2603
- 2604 1) By ~~the allowance transfer deadline~~, November 30, 2009, and by  
2605 November 30, of each subsequent year, ~~the allowance transfer deadline~~,  
2606 the ~~owner or operator~~~~CAIR designated representative~~ of each ~~CAIR NO<sub>x</sub>~~  
2607 ~~Ozone Season~~~~affected~~ source and each ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~  
2608 unit at the source ~~must~~~~shall~~ hold allowances available for compliance  
2609 deductions ~~pursuant to~~~~under~~ 40 CFR § 96.354(a) in the CAIR NO<sub>x</sub> Ozone  
2610 Season source’s compliance account. ~~The allowance transfer deadline~~

2611 means by midnight of November 30 (if it is business day) or midnight of  
2612 the first business day thereafter. The number of allowances held ~~may~~shall  
2613 not be less than the tons of NO<sub>x</sub> emissions for the control period from all  
2614 CAIR NO<sub>x</sub> Ozone Season~~affected~~ units at the CAIR NO<sub>x</sub> Ozone  
2615 Season~~affected~~ source, ~~rounded to the nearest whole ton,~~ as determined in  
2616 accordance with 40 CFR 96, subpart HHHH, ~~plus any number of~~  
2617 ~~allowances necessary to account for actual utilization including, but not~~  
2618 ~~limited to, testing, start-up, malfunction, and shut-down.~~  
2619  
2620 2) Each ton of NO<sub>x</sub> emitted in excess of the number of CAIR NO<sub>x</sub> Ozone  
2621 Season allowances held by the owner or operator for each CAIR NO<sub>x</sub>  
2622 Ozone Season~~affected~~ unit in its CAIR NO<sub>x</sub> Ozone Season compliance  
2623 account for each day of the applicable control period ~~will~~shall constitute a  
2624 separate violation of this Subpart E, ~~and~~ the Act, and the CAA.  
2625  
2626 3) Each CAIR NO<sub>x</sub> Ozone Season~~affected~~ unit ~~will~~shall be subject to the  
2627 monitoring ~~and compliance~~ requirements of subsections (c)(1) ~~and (d)(1)~~  
2628 of this Section starting on the later of May~~January~~ 1, 2009, or the deadline  
2629 for meeting the unit's monitoring certification requirements pursuant  
2630 to~~under~~ 40 CFR § 96.370(b)(1), (b)(2) or (b)(3) and for each control  
2631 period thereafter.  
2632  
2633 4) CAIR NO<sub>x</sub> Ozone Season allowances ~~must~~shall be held in, deducted from,  
2634 or transferred into among allowance accounts in accordance with this  
2635 Subpart and 40 CFR 96, subparts FFFF and GGGG.  
2636  
2637 5) In order to comply with the requirements of subsection (d)(1) of this  
2638 Section, a CAIR NO<sub>x</sub> Ozone Season allowance may not be  
2639 ~~deducted~~utilized for compliance according to subsection (d)(1) of this  
2640 Section, for a control period in a calendar year ~~before~~prior to the year for  
2641 which the CAIR NO<sub>x</sub> Ozone Season allowance is allocated.  
2642  
2643 6) A CAIR NO<sub>x</sub> Ozone Season allowance allocated by the Agency or  
2644 USEPA pursuant to~~under~~ the CAIR NO<sub>x</sub> Ozone Season Trading Program  
2645 is a limited authorization to emit one ton of NO<sub>x</sub> in accordance with the  
2646 CAIR NO<sub>x</sub> Ozone Season Trading Program. No provision of the CAIR  
2647 NO<sub>x</sub> Ozone Season Trading Program, the CAIR ~~NO<sub>x</sub> Ozone Season~~  
2648 permit application, the CAIR ~~NO<sub>x</sub> Ozone Season~~ permit, or a retired unit  
2649 exemption pursuant to~~under~~ 40 CFR § 96.305, and no provision of law,  
2650 will~~shall~~ be construed to limit the authority of the United States or the  
2651 State to terminate or limit this authorization.  
2652  
2653 7) A CAIR NO<sub>x</sub> Ozone Season allowance allocated by the Agency or  
2654 USEPA pursuant to~~under~~ the CAIR NO<sub>x</sub> Ozone Season Trading Program  
2655 does not constitute a property right.  
2656

- 2657 8) Upon recordation by USEPA ~~pursuant to~~ 40 CFR 96, subpart FFFF  
2658 or subpart GGGG, every allocation, transfer, or deduction of an allowance  
2659 to or from a CAIR NO<sub>x</sub> Ozone Season source compliance account is  
2660 deemed to amend automatically, and become a part of, any CAIR NO<sub>x</sub>  
2661 Ozone Season permit of the ~~CAIR NO<sub>x</sub> Ozone Season~~affected source.  
2662 This automatic amendment of the CAIR ~~NO<sub>x</sub> Ozone Season~~ permit  
2663 ~~will~~shall be deemed an operation of law and will not require any further  
2664 review.  
2665
- 2666 e) Recordkeeping and reporting requirements:  
2667
- 2668 1) Unless otherwise provided, the owner or operator of the ~~CAIR NO<sub>x</sub> Ozone~~  
2669 ~~Season~~affected source and each ~~CAIR NO<sub>x</sub> Ozone Season~~affected unit at  
2670 the source ~~must~~shall keep on site at the source each of the documents  
2671 listed in subsections (e)(1)(A) through (e)(1)(E) of this Section for a  
2672 period of five years from the date the document is created. This period  
2673 may be extended for cause, at any time prior to the end of five years, in  
2674 writing by the Agency or USEPA.  
2675
- 2676 A) The certificate of representation for the CAIR designated  
2677 representative for the source and each ~~CAIR NO<sub>x</sub> Ozone~~  
2678 ~~Season~~affected unit at the source, all documents that demonstrate  
2679 the truth of the statements in the certificate of representation,  
2680 provided that the certificate and documents must be retained on  
2681 site at the source beyond such five-year period until ~~the~~sueh  
2682 documents are superseded because of the submission of a new  
2683 certificate of representation ~~pursuant to~~ 40 CFR § 96.313,  
2684 changing the CAIR designated representative.  
2685
- 2686 B) All emissions monitoring information, in accordance with 40 CFR  
2687 96, subpart HHHH.  
2688
- 2689 C) Copies of all reports, compliance certifications, and other  
2690 submissions and all records made or required ~~pursuant to~~ the  
2691 CAIR NO<sub>x</sub> Ozone Season Trading Program or documents  
2692 necessary to demonstrate compliance with the requirements of the  
2693 CAIR NO<sub>x</sub> Ozone Season Trading Program or with the  
2694 requirements of this Subpart ~~E~~.  
2695
- 2696 D) Copies of all documents used to complete a CAIR NO<sub>x</sub> Ozone  
2697 Season permit application and any other submission ~~or documents~~  
2698 ~~used to demonstrate compliance pursuant to~~ the CAIR NO<sub>x</sub>  
2699 Ozone Season Trading Program.  
2700
- 2701 E) Copies of all records and logs for gross electrical output and useful  
2702 thermal energy required by Section 225.550 ~~of this Subpart~~.

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- 2) The CAIR designated representative of ~~a CAIR NO<sub>x</sub> Ozone Season~~~~an affected~~ source and each ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ unit at the source must submit to the Agency and USEPA the reports and compliance certifications required ~~pursuant to~~~~under~~ the CAIR NO<sub>x</sub> Ozone Season Trading Program, including those ~~pursuant to~~~~under~~ 40 CFR 96, subpart HHHH and Section 225.550 ~~of this Subpart~~.
- f) Liability:
- 1) No revision of a permit for ~~a CAIR NO<sub>x</sub> Ozone Season~~~~an affected~~ unit ~~may~~~~shall~~ excuse any violation of the requirements of this Subpart ~~E~~ or the requirements of the CAIR NO<sub>x</sub> Ozone Season Trading Program.
- 2) Each ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ source and each ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ unit ~~must~~~~shall~~ meet the requirements of the CAIR NO<sub>x</sub> Ozone Season Trading Program.
- 3) Any provision of the CAIR NO<sub>x</sub> Ozone Season Trading Program that applies to ~~a CAIR NO<sub>x</sub> Ozone Season~~~~an affected~~ source (including any provision applicable to the CAIR designated representative of ~~a CAIR NO<sub>x</sub> Ozone Season~~~~an affected~~ source) ~~will~~~~shall~~ also apply to the owner and operator of ~~the~~~~such~~ ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ source and to the owner and operator of each ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ unit at the source.
- 4) Any provision of the CAIR NO<sub>x</sub> Ozone Season Trading Program that applies to ~~a CAIR NO<sub>x</sub> Ozone Season~~~~an affected~~ unit (including any provision applicable to the CAIR designated representative of ~~a CAIR NO<sub>x</sub> Ozone Season~~~~an affected~~ unit) ~~will~~~~shall~~ also apply to the owner and operator of ~~the~~~~such~~ ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ unit. ~~Except with regard to the requirements applicable to affected units with a common stack under 40 CFR 96, subpart HHHH, the owner, the operator, and the CAIR designated representative or alternate designated representative of an affected unit shall not be liable for any violation by any other affected unit of which they are not an owner or operator or the CAIR designated representative.~~
- 5) The CAIR designated representative of ~~a CAIR NO<sub>x</sub> Ozone Season~~~~an affected~~ unit that has excess emissions in any control period ~~must~~~~shall~~ surrender the allowances as required for deduction ~~pursuant to~~~~under~~ 40 CFR § 96.354(d)(1).
- 6) The owner or operator of ~~a CAIR NO<sub>x</sub> Ozone Season~~~~an affected~~ unit that has excess NO<sub>x</sub> emissions in any control period ~~must~~~~shall~~ pay any fine, penalty, or assessment or comply with any other remedy imposed ~~pursuant~~

2749 ~~under~~ the Act and 40 CFR § 96.354(d)(2).

2750

2751 g) Effect on other authorities. No provision of the CAIR NO<sub>x</sub> Ozone Season  
2752 Trading Program, a CAIR ~~NO<sub>x</sub> Ozone Season~~ permit application, a CAIR ~~NO<sub>x</sub>~~  
2753 ~~Ozone Season~~ permit, or a retired unit exemption ~~pursuant to~~ 40 CFR §  
2754 96.305 ~~will~~ be construed as exempting or excluding the owner and operator  
2755 and, to the extent applicable, the CAIR designated representative of ~~a CAIR NO<sub>x</sub>~~  
2756 ~~Ozone Season an-affected~~ source or ~~a CAIR NO<sub>x</sub> Ozone Season an-affected~~ unit,  
2757 from compliance with any other regulation promulgated ~~pursuant to~~ the  
2758 CAA, the Act, any State regulation or permit, or a federally enforceable permit.  
2759

2760 Section 225.515 Appeal Procedures

2761

2762 The appeal procedures for decisions of USEPA ~~pursuant to~~ the CAIR NO<sub>x</sub> Ozone Season  
2763 Trading Program are set forth in 40 CFR 78, as incorporated by reference in Section 225.140 ~~of~~  
2764 ~~this Part~~.

2765

2766 Section 225.520 Permit Requirements

2767

2768 a) Permit requirements:

2769

2770 1) The owner or operator of each source with ~~a CAIR NO<sub>x</sub> Ozone Season an-~~  
2771 ~~affected~~ unit is required to submit:

2772

2773 A) ~~Aa~~ complete permit application addressing all applicable CAIR  
2774 NO<sub>x</sub> Ozone Season Trading Program requirements for a permit  
2775 meeting the requirements of this Section 225.520, applicable to  
2776 each ~~CAIR NO<sub>x</sub> Ozone Season~~ affected unit at the source. Each  
2777 CAIR ~~NO<sub>x</sub> Ozone Season~~ permit ~~must~~ contain elements  
2778 required for a complete CAIR ~~NO<sub>x</sub> Ozone Season~~ permit  
2779 application ~~pursuant to~~ subsection (b)(2) of this Section.

2780

2781 B) Any supplemental information that the Agency determines  
2782 necessary in order to review a CAIR permit application and issue  
2783 any CAIR permit.

2784

2785 2) Each CAIR ~~NO<sub>x</sub> Ozone Season~~ permit will be issued pursuant to Section  
2786 39 of 39.5 of the Act and ~~will~~ contain federally enforceable  
2787 conditions addressing all applicable CAIR NO<sub>x</sub> Ozone Season Trading  
2788 Program requirements and ~~will~~ be a complete and segregable portion  
2789 of the source's entire permit ~~pursuant to~~ subsection (a)(1) of this  
2790 Section.

2791

2792 3) No CAIR ~~NO<sub>x</sub> Ozone Season~~ permit may be issued, and no CAIR  
2793 NO<sub>x</sub> Ozone Season compliance account may be established for a  
2794 ~~CAIR NO<sub>x</sub> Ozone Season an-affected source~~, until the Agency and USEPA

2795 have received a complete certificate of representation for a CAIR  
2796 designated representative pursuant to 40 CFR 96, subpart BBBB,  
2797 for the CAIR NO<sub>x</sub> Ozone Season~~affected~~ source and the CAIR NO<sub>x</sub>  
2798 Ozone Season~~affected~~ unit at the source.

2799  
2800 4) For all CAIR NO<sub>x</sub> Ozone Season~~affected~~ units that commenced operation  
2801 before July 1, 2007, the owner or operator of thesueh unit must submit a  
2802 CAIR NO<sub>x</sub> Ozone Season permit application meeting the requirements of  
2803 this Section 225.520 on or before July 1, 2007.

2804  
2805 5) For all ~~affected~~ units ~~and~~ that commence operation on or after July 1,  
2806 2007~~8~~, the owner or operator of thesuesueh units must submit applications  
2807 for construction and operating permits pursuant to the requirements of  
2808 Sections 39 and 39.5 of the Act, as applicable, and 35 Ill. Adm. Code 201,  
2809 and thesueh applications must specify that they are applying for CAIR  
2810 NO<sub>x</sub> Ozone Season permits, and must address the CAIR NO<sub>x</sub> Ozone  
2811 Season permit application requirements of this Section 225.520.

2812  
2813 b) Permit applications:

2814  
2815 1) Duty to apply. The owner or operator of any source with one or more  
2816 CAIR NO<sub>x</sub> Ozone Season~~affected~~ units mustshall submit to the Agency a  
2817 CAIR NO<sub>x</sub> Ozone Season permit application for the source covering each  
2818 CAIR NO<sub>x</sub> Ozone Season~~affected~~ unit pursuant to subsection (b)(2)  
2819 of this Section by the applicable deadline in subsection (a)(4) or (a)(5) of  
2820 this Section. The owner or operator of any source with one or more CAIR  
2821 NO<sub>x</sub> Ozone Season~~affected~~ units mustshall reapply for a CAIR NO<sub>x</sub>  
2822 Ozone Season permit for the source as required by this Subpart, 35 Ill.  
2823 Adm. Code 201, and, as applicable, Sections 39 and 39.5 of the Act.

2824  
2825 2) Information requirements for CAIR NO<sub>x</sub> Ozone Season permit  
2826 applications. A complete CAIR NO<sub>x</sub> Ozone Season permit application  
2827 mustshall include the following elements concerning the source for which  
2828 the application is submitted:

2829  
2830 A) Identification of the source, including plant name. The ORIS  
2831 (Office of Regulatory Information Systems) or facility code  
2832 assigned to the source by the Energy Information Administration  
2833 mustshall also be included, if applicable;

2834  
2835 B) Identification of each CAIR NO<sub>x</sub> Ozone Season~~affected~~ unit at the  
2836 source; and

2837  
2838 C) The compliance requirements applicable to each CAIR NO<sub>x</sub> Ozone  
2839 Season~~affected~~ unit as set forth in Section 225.510 of this Subpart.

2840

2841 3) An application for a CAIR ~~NO<sub>x</sub> Ozone Season~~ permit willshall be treated  
2842 as a modification of the ~~CAIR NO<sub>x</sub> Ozone Season~~ ~~affected~~ source's  
2843 existing federally enforceable permit, if such a permit has been issued for  
2844 that source, and willshall be subject to the same procedural requirements.  
2845 When the Agency issues a CAIR ~~NO<sub>x</sub> Ozone Season~~ permit pursuant to  
2846 the requirements of this Section 225.520, it willshall be incorporated into  
2847 and become part of that source's existing federally enforceable permit.  
2848

2849 c) Permit content. Each CAIR permit is deemed to incorporate automatically the  
2850 definitions and terms pursuant to Section 225.120 and, upon recordation of  
2851 USEPA under 40 CFR 96, Subparts FFFF and GGGG as incorporated by  
2852 reference in Section 225.140, every allocation, transfer, or deduction of a CAIR  
2853 NO<sub>x</sub> Ozone Season allowance to or from the compliance account of the CAIR  
2854 NO<sub>x</sub> Ozone Season source covered by the permit.  
2855

2856 Section 225.525 Ozone Season Trading Budget

2857  
2858 The CAIR NO<sub>x</sub> Ozone Season Trading budget available for allowance allocations for each  
2859 control period willshall be determined as follows:

2860  
2861 a) The total base CAIR NO<sub>x</sub> Ozone Season Trading budget is 30,701 tons per  
2862 control period for the years 2009 through 2014, subject to a reduction for two set-  
2863 asides, the NUSA and the CASA. Five percent of the budget willshall be  
2864 allocated to the NUSA and 25 percent willshall be allocated to the CASA,  
2865 resulting in a CAIR NO<sub>x</sub> Ozone Season Trading budget available for allocation of  
2866 21,491 tons per control period pursuant to Section 225.540 of this Subpart. The  
2867 requirements of the NUSA are set forth in Section 225.545 of this Subpart, and  
2868 the requirements of the CASA are set forth in Sections 225.555 through 225.570  
2869 of this Subpart.

2870  
2871 b) The total base CAIR NO<sub>x</sub> Ozone Season Trading budget is 28,981 tons per  
2872 control period for the year 2015 and thereafter, subject to a reduction for two set-  
2873 asides, the NUSA and the CASA. Five percent of the budget willshall be  
2874 allocated to the NUSA and 25 percent willshall be allocated to the CASA,  
2875 resulting, in a CAIR NO<sub>x</sub> Ozone Season Trading budget available for allocation  
2876 of 20,287 tons per control period pursuant to Section 225.540 of this Subpart.  
2877

2878 c) If USEPA adjusts the total base CAIR NO<sub>x</sub> Ozone Season Trading budget for any  
2879 reason, the Agency willshall adjust the base CAIR NO<sub>x</sub> Ozone Season Trading  
2880 budget CAIR NO<sub>x</sub> Ozone Season Trading budget available for allocation,  
2881 accordingly.  
2882

2883 Section 225.530 Timing for Ozone Season Allocations

2884  
2885 a) ~~No later than~~ By July 31, 2007 ~~October 31, 2006~~, the Agency willshall submit to  
2886 USEPA the CAIR NO<sub>x</sub> Ozone Season allowance allocations, in accordance with

2887 Sections 225.535 and 225.540 ~~of this Subpart~~ for the 2009, 2010, and 2011  
2888 control periods.

2889  
2890 b) By ~~October~~July 31, 2008~~2009~~, and ~~October~~July 31 of each year thereafter, the  
2891 Agency ~~will~~shall submit to USEPA the CAIR NO<sub>x</sub> Ozone Season allowance  
2892 allocations in accordance with Sections 225.535 and 225.540 ~~of this Subpart~~, for  
2893 the control period ~~four~~three years after the year of the applicable deadline for  
2894 submission ~~pursuant to~~under this Section 225.530. For example, on July 31,  
2895 ~~2008~~2009, the Agency ~~will~~shall submit to USEPA the allocation for the 2012  
2896 control period.

2897  
2898 c) The Agency ~~will~~shall allocate allowances from the NUSA to CAIR NO<sub>x</sub> Ozone  
2899 Season~~affected~~ units that commence commercial operation on or after May 1,  
2900 2006. The Agency ~~will~~shall report these allocations to USEPA by July  
2901 31~~November 15~~ ~~of~~after the applicable control period. For example, on July 31,  
2902 2009~~November 15, 2009~~, the Agency ~~will~~shall submit to USEPA the allocations  
2903 from the NUSA for the 2009 control period.

2904  
2905 d) The Agency ~~will~~shall allocate allowances from the CASA to energy efficiency,  
2906 renewable energy, and clean technology projects pursuant to the criteria in  
2907 Sections 225.555 through 225.570 ~~of this Subpart~~. The Agency ~~will~~shall report  
2908 these allocations to USEPA by ~~October~~December 1 of each year. For example,  
2909 on ~~October 1, 2009~~December 1, 2010, the Agency ~~will~~shall submit to USEPA the  
2910 allocations from the CASA for the ~~2009~~2010 control period, based on reductions  
2911 made in the ~~2008~~2009 control period.

2912  
2913 Section 225.535 Methodology for Calculating Ozone Season Allocations

2914  
2915 The Agency ~~will~~shall calculate converted gross electrical output (~~CGO~~), in MWh, for each CAIR  
2916 NO<sub>x</sub> Ozone Season~~affected~~ unit that has operated during at least one control period prior to the  
2917 calendar year in which the Agency reports the allocations to USEPA as follows:

2918  
2919 a) For control periods 2009, 2010, and 2011, the owner or operator of the unit's  
2920 must submit in writing to the Agency by June 1, 2007, a statement that either  
2921 gross electrical output data or heat input is to be used to calculate converted gross  
2922 electrical output (~~CGO~~). The data shall be used calculate converted gross  
2923 electrical output pursuant to either subsection (a)(1) or (a)(2) of this Section:

2924  
2925 1) Gross electrical output. If the unit has four or five control periods of data,  
2926 then the gross electrical output (GO) ~~will~~shall be the average of the unit's  
2927 three highest gross electrical outputs from the 2001, 2002, 2003, 2004, or  
2928 2005 control periods. If the unit has three or fewer control periods of  
2929 gross electrical outputs, the gross electrical output ~~will~~shall be the average  
2930 of those control periods. If the unit does not have gross electrical output  
2931 for the 2004 and 2005 control periods, the gross electrical output ~~will~~shall  
2932 be the gross electrical output from the 2005 control period. ~~If the unit~~

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~~does not have gross electrical output, then heat input shall be used pursuant to subsection (a)(2) of this Section.~~ If a generator is served by two or more units, then the gross electrical output of the generator ~~will~~ be attributed to each unit in proportion to the unit's share of the total control period heat input of ~~thesesuch~~ units for the control period. The unit's converted gross electrical output ~~will~~ be calculated as follows:

- A) If the unit is coal-fired:  
CGO (in MWh) = GO × MWh × 1.0;
- B) If the unit is oil-fired:  
CGO (in MWh) = GO × MWh × 0.6; or
- C) If the unit is neither coal-fired nor oil-fired:  
CGO (in MWh) = GO × MWh × 0.4.

2) If ~~gross electrical output is not provided to the Agency, h~~Heat input. ~~(HI) shall be used.~~ If the unit has four or five control periods of data, the average of the unit's three highest control period heat inputs from 2001, 2002, 2003, 2004 or 2005 ~~will~~ be used. If the unit has heat input from the 2003, 2004, or 2005 control periods, the heat input shall be the average of those control periods. If the unit does not have heat input from the 2004 and 2005 control periods, the heat input from the 2005 control period ~~will~~ be used. The unit's converted gross electrical output ~~will~~ be calculated as follows:

- A) If the unit is coal-fired:  
CGO (in MWh) = HI (in mmBtu) × 0.0967;
- B) If the unit is oil-fired:  
CGO (in MWh) = HI (in mmBtu) × 0.0580; or
- C) If the unit is neither coal-fired nor oil-fired:  
CGO (in MWh) = HI (in mmBtu) × 0.0387.

b) For control periods 2012 and 2013, the owner or operator of the unit must submit in writing to the Agency by June 1, 2008, a statement that either gross electrical output data or heat input data be used to calculate the unit's converted gross electrical output. The unit's converted gross electrical output shall be calculated pursuant to either subsection (b)(1) or (b)(2) of this Section:

1) Gross electrical output. The average of the unit's two most recent years of control period gross electrical output, if available; otherwise it will be the unit's most recent control period's gross electrical output. If a generator is served by two or more units, the gross electrical output of the generator

2979 shall be attributed to each unit in proportion to the unit's share of the total  
2980 control period heat input of such units for the control period. The unit's  
2981 converted gross electrical output shall be calculated as follows:

2983 A) If the unit is coal-fired:  
2984 CGO (in MWh) = GO × MWh × 1.0;

2985  
2986 B) If the unit is oil-fired:  
2987 CGO (in MWh) = GO × MWh × 0.6;

2988  
2989 C) If the unit is neither coal-fired nor oil-fired:  
2990 CGO (in MWh) = GO × MWh × 0.4.

2991  
2992 2) Heat input. The average of the unit's two most recent years of control  
2993 period heat input; otherwise the unit's most recent control period's heat  
2994 input, e.g. for the 2012 control period the average of the unit's heat input  
2995 from the 2006 and 2007 control periods. If the unit does not have heat  
2996 input from the 2006 and 2007 control periods, the heat input from the  
2997 2007 control period shall be used. The unit's converted gross electrical  
2998 output shall be calculated as follows:

2999  
3000 A) If the unit is coal-fired:  
3001 CGO (in MWh) = HI (in mmBtu) × 0.0967;

3002  
3003 B) If the unit is oil-fired:  
3004 CGO (in MWh) = HI (in mmBtu) × 0.0580; or

3005  
3006 C) If the unit is neither coal-fired nor oil-fired:  
3007 CGO (in MWh) = HI (in mmBtu) × 0.0387.

3008  
3009 c) For control period ~~2014~~2012 and thereafter, the unit's gross electrical output  
3010 ~~will~~shall be the average of the unit's two most recent control period's gross  
3011 electrical output, if available, otherwise ~~it will be~~ the unit's most recent control  
3012 period gross electrical output. If a generator is served by two or more units, the  
3013 gross electrical output of the generator ~~will~~shall be attributed to each unit in  
3014 proportion to the unit's share of the total control period heat input of ~~thesesuch~~  
3015 units for the control period. The unit's converted gross electrical output ~~will~~-shall  
3016 be calculated as follows:

3017  
3018 1) If the unit is coal-fired:  
3019 CGO (in MWh) = GO × 1.0;

3020  
3021 2) If the unit is oil-fired:  
3022 CGO (in MWh) = GO × 0.6; or

3023  
3024 3) If the unit is neither coal-fired nor oil-fired:

3025 CGO (in MWh) = GO × 0.4.

3026  
3027 **d**e) For a unit that is a combustion turbine or boiler and has equipment used to  
3028 produce electricity and useful thermal energy for industrial, commercial, heating,  
3029 or cooling purposes through the sequential use of energy, the Agency willshall  
3030 add the converted gross electrical output calculated for electricity pursuant to  
3031 subsections (a), ~~or (b), or (c)~~ of this Section to the converted useful thermal  
3032 energy (CUTE) to determine the total converted gross electrical output for the unit  
3033 (TCGO). The Agency willshall determine the converted useful thermal energy by  
3034 using the average of the unit's control period useful thermal energy for the prior  
3035 two control periods, if available, otherwise the unit's control period useful  
3036 thermal output for the prior year willshall be used. The converted useful thermal  
3037 energy willshall be determined using the following equations:

- 3038  
3039 1) If the unit is coal-fired:  
3040 CUTE (in MWh) = UTE (in mmBtu) × 0.2930;  
3041  
3042 2) If the unit is oil-fired:  
3043 CUTE (in MWh) = UTE (in mmBtu) × 0.1758; or  
3044  
3045 3) If the unit is neither coal-fired nor oil-fired:  
3046 CUTE (in MWh) = UTE (in mmBtu) × 0.1172.  
3047

3048 **e**d) The CAIR NO<sub>x</sub> Ozone Season~~affected~~ unit's converted gross electrical output and  
3049 converted useful thermal energy in subsections (a)(1), (b)(1), ~~and (c), and (d)~~ of  
3050 this Section for each control period willshall be based on the best available data  
3051 reported or available to the Agency for the CAIR NO<sub>x</sub> Ozone Season~~affected~~ unit  
3052 pursuant to the provisions of Section 225.550 ~~of this Subpart~~.  
3053

3054 **f**-e) The CAIR NO<sub>x</sub> Ozone Season~~affected~~ unit's heat input in subsections (a)(2) ~~and~~  
3055 (b)(2) of this Section for each control period willshall be determined in  
3056 accordance with 40 CFR 75, as incorporated by reference in Section 225.140 ~~of~~  
3057 this Part.  
3058

3059 Section 225.540 Ozone Season Allocations

3060  
3061 a) For the 2009 control period, and each control period thereafter, the Agency  
3062 willshall allocate CAIR NO<sub>x</sub> Ozone Season allowances to all CAIR NO<sub>x</sub> Ozone  
3063 Season~~affected~~ units in Illinois for which the Agency has calculated the total  
3064 converted gross electrical output, ~~including converted useful thermal energy, if~~  
3065 ~~any, as determined in~~ pursuant to Section 225.535 ~~of this Subpart~~, a total amount  
3066 of CAIR NO<sub>x</sub> Ozone Season allowances equal to tons of NO<sub>x</sub> emissions in the  
3067 CAIR NO<sub>x</sub> Ozone Season Trading budget available for allocation as determined  
3068 in Section 225.525 ~~of this Subpart~~ and allocated pursuant to this Section 225.540  
3069 ~~of this Subpart~~.  
3070

3071 b) The Agency ~~will~~ allocate CAIR NO<sub>x</sub> Ozone Season allowances to each  
3072 ~~CAIR NO<sub>x</sub> Ozone Season~~ affected unit on a pro-rata basis using the unit's total  
3073 converted gross electrical output calculated pursuant to Section 225.535 ~~of this~~  
3074 ~~Subpart~~. If there are insufficient allowances to allocate whole allowances ~~pro-~~  
3075 ~~rata~~, ~~these~~ such unallocated allowances ~~will~~ be retained by the Agency and  
3076 ~~will~~ be available for allocation in later control periods.

3077  
3078 Section 225.545 New Unit Set-Aside (NUSA)

3079  
3080 For the 2009 control period and each control period thereafter, the Agency ~~will~~ allocate  
3081 CAIR NO<sub>x</sub> Ozone Season allowances from the NUSA to ~~CAIR NO<sub>x</sub> Ozone Season~~ affected units  
3082 that commenced commercial operation on or after May 1, 2006, and do not yet have an  
3083 allocation for the particular control period pursuant to Section 225.540 ~~of this Subpart~~, in  
3084 accordance with the following procedures:

3085  
3086 a) Beginning with the 2009 control period and each control period thereafter, the  
3087 Agency ~~will~~ establish a separate NUSA for each control period. Each new  
3088 unit set-aside ~~will~~ be allocated CAIR NO<sub>x</sub> Ozone Season allowances equal to  
3089 5 percent of the amount of tons of NO<sub>x</sub> emissions in the base CAIR NO<sub>x</sub> Ozone  
3090 Season Trading budget in Section 225.525 ~~of this Subpart~~.

3091  
3092 b) The CAIR designated representative of ~~such a new CAIR NO<sub>x</sub> Ozone Season~~  
3093 ~~affected~~ unit may submit to the Agency a request, in a format specified by the  
3094 Agency, to be allocated CAIR NO<sub>x</sub> Ozone Season allowances from the NUSA  
3095 starting with the first control period ~~after the control period~~ in which the new unit  
3096 commences commercial operation and until the first control period for which the  
3097 unit may use CAIR NO<sub>x</sub> Ozone Season allowances allocated to the unit ~~pursuant~~  
3098 ~~to~~ under Section 225.540 ~~of this Subpart~~. The NUSA allowance allocation request  
3099 may only be submitted after a new unit has operated during one control period,  
3100 and no later than ~~March 1 of October 15 after~~ the control period for which  
3101 allowances from the NUSA are being requested.

3102  
3103 c) In a NUSA allowance allocation request ~~pursuant to~~ subsection (b) of this  
3104 Section, the CAIR designated representative must ~~provide~~ include in its request  
3105 ~~must provide in its request the~~ information for ~~the~~ gross electrical output and  
3106 useful thermal energy, if any, for the new ~~CAIR NO<sub>x</sub> Ozone Season~~ affected unit  
3107 for that control period.

3108  
3109 d) The Agency ~~will~~ allocate allowances from the NUSA to a new ~~CAIR NO<sub>x</sub>~~  
3110 ~~Ozone Season~~ affected unit using the following procedures:

3111  
3112 1) For each new ~~CAIR NO<sub>x</sub> Ozone Season~~ affected unit ~~that has operated~~  
3113 ~~during at least one control period~~, the unit's gross electrical output for the  
3114 most recent control period, ~~will~~ be used to calculate the unit's gross  
3115 electrical output. If a generator is served by two or more units, the gross  
3116 electrical output of the generator ~~will~~ be attributed to each unit in

3117 proportion to the unit's share of the total control period heat input of  
3118 ~~thesesuch~~ units for the control period. The new unit's converted gross  
3119 electrical output ~~willshall~~ be calculated as follows:

3120  
3121 A) If the unit is coal-fired:

3122  $CGO \text{ (in MWh)} = GO \times 1.0;$

3123

3124 B) If the unit is oil-fired:

3125  $CGO \text{ (in MWh)} = GO \times 0.6;$  or

3126

3127 C) If the unit is neither coal-fired nor oil-fired:

3128  $CGO \text{ (in MWh)} = GO \times 0.4.$

3129

3130 2) If the unit is a combustion turbine or boiler and has equipment used to  
3131 produce electricity and useful thermal energy for industrial, commercial,  
3132 heating, or cooling purposes through the sequential use of energy, the  
3133 Agency ~~willshall~~ add the converted gross electrical output calculated for  
3134 electricity pursuant to subsection (d)(1) of this Section to the converted  
3135 useful thermal energy to determine the total converted gross electrical  
3136 output for the unit. The Agency ~~willshall~~ determine the converted useful  
3137 thermal energy using the unit's useful thermal energy for the most recent  
3138 control period. The converted useful thermal energy ~~willshall~~ be  
3139 determined using the following equations:

3140

3141 A) If the unit is coal-fired:

3142  $CUTE \text{ (in MWh)} = UTE \text{ (in mmBtu)} \times 0.2930;$

3143

3144 B) If the unit is oil-fired:

3145  $CUTE \text{ (in MWh)} = UTE \text{ (in mmBtu)} \times 0.1758;$  or

3146

3147 C) If the unit is neither coal-fired nor oil-fired:

3148  $CUTE \text{ (in MWh)} = UTE \text{ (in mmBtu)} \times 0.1172.$

3149

3150 3) The gross electrical output and useful thermal energy in subsections (d)(1)  
3151 and (d)(2) of this Section for the control period in each year ~~willshall~~ be  
3152 based on the best available data reported or available to the Agency for the  
3153 ~~CAIR NO<sub>x</sub> Ozone Seasonaffected~~ unit pursuant to the provisions of  
3154 Section 225.550 ~~of this Subpart~~.

3155

3156 4) The Agency ~~willshall~~ determine a unit's un-prorated allocation ( $UA_y$ )

3157 using the unit's converted gross electrical output plus the unit's converted  
3158 useful thermal energy, if any, calculated in subsections (d)(1) and (d)(2) of  
3159 this Section, converted to approximate NO<sub>x</sub> tons (the unit's un-prorated  
3160 allocation), as follows:

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$$UA_y = \frac{TCGO_y \times (1.0\text{lbs/MWh})}{2000\text{lbs/ton}}$$

Where:

- UA<sub>y</sub> = un-prorated allocation to a new CAIR NO<sub>x</sub> Ozone Seasonaffected unit.
- TCGO<sub>y</sub> = total converted gross electrical output for a new CAIR NO<sub>x</sub> Ozone Seasonaffected unit.

- 5) The Agency willshall allocate CAIR NO<sub>x</sub> Ozone Season allowances from the NUSA to new CAIR NO<sub>x</sub> Ozone Seasonaffected units as follows:
  - A) If the NUSA for the control period for which CAIR NO<sub>x</sub> Ozone Season allowances are requested has a number of allowances greater than or equal to the total un-prorated allocations for all new unitsunit's requesting allowances, the Agency willshall allocate the number of allowances using the un-prorated allocation determined for that unit pursuant to subsection (d)(4) of this Section. ~~If there are insufficient allowances to allocate whole allowances, such unallocated allowances shall be retained by the Agency and shall be available for allocation in a later control period.~~
  - B) If the NUSA for the control period for which the allowances are requested has a number of CAIR NO<sub>x</sub> Ozone Season allowances less than the total un-prorated allocation to all new CAIR NO<sub>x</sub> Ozone Seasonaffected units requesting allocations, the Agency willshall allocate the available allowances for new CAIR NO<sub>x</sub> Ozone Seasonaffected units on a pro-rata basis, using the un-prorated allocation determined for that unit pursuant to subsection (d)(4) of this Section. If there are insufficient allowances to allocate whole allowances, ~~thesuch~~ unallocated allowances willshall be retained by the Agency and willshall be available for allocation in a later control period.
  - C) If the gross electrical output or useful thermal energy reported to the Agency pursuant to subsection (d) of this Section is later determined to be greater than the unit's actual gross electrical output or useful thermal energy for the applicable control period, the Agency willshall reduce the unit's allocation from the NUSA for the current control period to account for the excess allowances allocated in the prior control period or periods.
- e) The Agency willshall review each NUSA allowance allocation request pursuant to~~under~~ subsection (b) of this Section. The Agency willshall accept a NUSA

- 3206 allowance allocation request only if the request meets, or is adjusted by the  
 3207 Agency as necessary to meet, the requirements of this Section [225.545](#).  
 3208
- 3209 f) By ~~June 1 of November 8 after~~ the applicable control period, the Agency [willshall](#)  
 3210 notify each CAIR designated representative that submitted a NUSA allowance  
 3211 request of the amount of CAIR NO<sub>x</sub> Ozone Season allowances from the NUSA, if  
 3212 any, allocated for the control period to the new unit covered by the request.  
 3213
- 3214 g) The Agency [willshall](#) allocate CAIR NO<sub>x</sub> Ozone Season allowances to new units  
 3215 from the NUSA no later than ~~July 31 of November 15 after~~ the applicable control  
 3216 period.  
 3217
- 3218 h) After a new ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ unit has operated in one control  
 3219 period, it becomes an existing unit for the purposes of Section 225.540 ~~of this~~  
 3220 ~~Subpart~~ only, and the Agency [willshall](#) allocate CAIR NO<sub>x</sub> Ozone Season  
 3221 allowances for that unit, for the control period commencing four years in the  
 3222 future pursuant to Section 225.540 ~~of this Subpart~~. The new ~~CAIR NO<sub>x</sub> Ozone~~  
 3223 ~~Season~~~~affected~~ unit [willshall](#) continue to receive CAIR NO<sub>x</sub> Ozone Season  
 3224 allowances from the NUSA according to this Section until the unit is eligible to  
 3225 use the CAIR NO<sub>x</sub> Ozone Season allowances allocated to the unit pursuant to  
 3226 Section 225.540 ~~of this Subpart~~.  
 3227
- 3228 i) If, after the completion of the procedures in subsection (c) of this Section for a  
 3229 control period any unallocated CAIR NO<sub>x</sub> Ozone Season allowances remain in  
 3230 the NUSA for the control period, the Agency [willshall](#), at a minimum, accrue  
 3231 those CAIR NO<sub>x</sub> Ozone Season allowances for future control period allocations to  
 3232 new ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ units. The Agency may from time to time  
 3233 elect to retire CAIR NO<sub>x</sub> Ozone Season allowances in the NUSA that are in  
 3234 excess of 7,245 for the purposes of continued progress toward attainment and  
 3235 maintenance of National Ambient Air Quality Standards pursuant to the CAA.  
 3236

3237 Section 225.550 Monitoring, Recordkeeping and Reporting Requirements for Gross  
 3238 Electrical Output and Useful Thermal Energy  
 3239

- 3240 a) By January 1, 2007, or by the date of commencing commercial operation,  
 3241 whichever is later, the owner or operator of a ~~CAIR NO<sub>x</sub> Ozone Season~~~~an~~  
 3242 ~~affected~~ unit [mustshall](#) install, calibrate, maintain, and operate a [system for](#)  
 3243 [measuring gross electrical outputwattmeter](#); ~~and~~ [mustshall](#) measure gross  
 3244 electrical output in ~~MW-hrsmegawatt-hours~~ on a continuous basis; and [mustshall](#)  
 3245 record the output of the ~~measurement systemwattmeter~~. If a generator is served  
 3246 by two or more units, the information to determine each unit's heat input for that  
 3247 control period [mustshall](#) also be recorded, so as to allow each unit's share of gross  
 3248 electrical output to be determined. If heat input data is used, the owner or  
 3249 operator [mustshall](#) comply with the applicable provisions 40 CFR 75, as  
 3250 incorporated by reference in Section 225.140 ~~of this Part~~.  
 3251

- 3252 b) For a ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ unit that is a cogeneration unit by  
3253 January 1, 2007, or by the date the ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ unit  
3254 commences to produce useful thermal energy, whichever is later, the owner or  
3255 operator of a ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ unit with cogeneration  
3256 capabilities ~~must~~~~shall~~ install, calibrate, maintain, and operate meters for steam  
3257 flow in lbs/hr, temperature in degrees Fahrenheit, and pressure in PSI, to measure  
3258 and record the useful thermal energy that is produced, in mmBtu/hr, on a  
3259 continuous basis. Owners and operators of a ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~  
3260 unit that produces useful thermal energy but uses an energy transfer medium other  
3261 than steam, e.g., hot water, or glycol, ~~must~~~~shall~~ install, calibrate, maintain, and  
3262 operate the necessary meters to measure and record the necessary data to express  
3263 the useful thermal energy produced, in mmBtu/hr, on a continuous basis. If the  
3264 ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ unit ceases to produce useful thermal energy,  
3265 the owner or operator may cease operation of these meters, provided that  
3266 operation of such meters ~~must~~~~shall~~ be resumed if the ~~CAIR NO<sub>x</sub> Ozone~~  
3267 ~~Season~~~~affected~~ unit resumes production of useful thermal energy.  
3268
- 3269 c) ~~By September 30, 2006,~~† The owner or operator of a ~~CAIR NO<sub>x</sub> Ozone Season~~~~an~~  
3270 ~~affected~~ unit ~~must~~~~shall~~ report to the Agency:  
3271
- 3272 1) By June 1, 2007, the gross electrical output for control periods 2001,  
3273 2002, 2003, 2004 and 2005, if available, and, the unit's useful thermal  
3274 energy data, if applicable. ~~If gross electric output is not available, heat~~  
3275 ~~input shall be used for control periods 2001, 2002, 2003, 2004, and 2005~~  
3276 ~~that gross electrical output is not available.~~ If a generator is served by two  
3277 or more units, the documentation needed to determine each unit's share of  
3278 the heat input of such units for that control period ~~must~~~~shall~~ also be  
3279 submitted. If heat input data is used, the owner or operator ~~must~~~~shall~~  
3280 comply with the applicable provisions 40 CFR 75, as incorporated by  
3281 reference in Section 225.140 ~~of this Part~~.  
3282
- 3283 2) By June 1, 2008, the gross electrical output for control periods 2006 and  
3284 2007, if available, and the unit's useful thermal energy data, if applicable.  
3285 If a generator is served by two or more units, the documentation needed to  
3286 determine each unit's share of the heat input of such units for that control  
3287 period must also be submitted. If heat input data is used, the owner or  
3288 operator must comply with the applicable provisions of 40 CFR 75, as  
3289 incorporated by reference in Section 225.140.  
3290
- 3291
- 3292 d) Beginning with calendar year ~~2008~~~~2007~~, the ~~CAIR~~ designated representative of  
3293 the ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~ unit ~~must~~~~shall~~ submit to the Agency  
3294 quarterly, by no later than ~~January 31,~~ April 30, July 31, ~~and~~ October 31, ~~and~~  
3295 January 31 of each year, information for the ~~CAIR NO<sub>x</sub> Ozone Season~~~~affected~~  
3296 unit's gross electrical output, on a monthly basis ~~for the prior quarter~~, and, if  
3297 applicable, the unit's useful thermal energy for each month.

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- e) The owner or operator of ~~a CAIR NO<sub>x</sub> Ozone Season~~~~an-affected~~ unit ~~must~~~~shall~~ maintain on-site the monitoring plan detailing the monitoring system, maintenance of the monitoring system, including quality assurance activities ~~pursuant to the requirements of 40 CFR 60 and 75, including the applicable provisions for the measurement of gross electrical output for the CAIR NO<sub>x</sub> Ozone Season trading program and, if applicable, for new units.~~ The monitoring plan ~~must~~ include, but is not limited to:
- 1) A description of the system to be used for the measurement of gross electrical output, including a list of any data logging devices, solid-state kW meters, rotating kW meters, electromechanical kW meters, current transformers, potential transformers, pressure taps, flow venture, orifice plates, flow nozzles, vortex meters, turbine meters, pressure transmitters, differential pressure transmitters, temperature transmitters, thermocouples, and resistance temperature detectors.
  - 2) A certification statement by the CAIR designated representative that all components of the gross electrical output system have been tested to be accurate within three percent and that the gross electrical output system is accurate to within ten percent.
- f) The owner or operator of ~~a CAIR NO<sub>x</sub> Ozone Season~~~~an-affected~~ unit ~~must~~~~shall~~ retain records for at least 5 years from the date the record is created or the data collected in subsections (a) and (b) of this Section, ~~and~~ the reports submitted to the Agency and USEPA in accordance with subsections (c) and (d) of this Section. The owner or operator of ~~a CAIR NO<sub>x</sub> Ozone Season~~~~an-affected~~ unit ~~must~~~~shall~~ retain the monitoring plan required in subsection (e) of this Section for at least five years from the date that it is replaced by a new or revised monitoring plan.

Section 225.555 Clean Air Set-Aside (CASA)

- a) A project sponsor may apply for allowances from the CASA for sponsoring an energy efficiency and conservation, renewable energy, or clean technology project as set forth ~~in~~ Section 225.560 ~~of this Subpart~~ by submitting the application required by Section 225.570 ~~of this Subpart~~.
- b) Notwithstanding subsection (a) of this Section, a project sponsor with ~~a CAIR NO<sub>x</sub> Ozone Season~~~~an-affected~~ source that is out of compliance with this Subpart for a given control period may not apply for allowances from the CASA for that control period. If a source receives CAIR NO<sub>x</sub> allowances from CASA and then is subsequently found to have been out of compliance with this Subpart for the applicable control period or periods, the project sponsor must restore the CAIR NO<sub>x</sub> allowances that it received pursuant to its CASA request or an equivalent number of CAIR NO<sub>x</sub> allowances to the CASA within six months of ~~receipt of~~ an

3344 Agency ~~notice that NO<sub>x</sub> allowances must be restored~~finding of noncompliance.  
3345 These allowances ~~will~~shall be assigned to the fund from which they were  
3346 distributed.

3347  
3348 c) ~~The Agency will not act as a mediator in situations where more than one project~~  
3349 ~~sponsor requests CAIR NO<sub>x</sub> allowances for the same project. If more than one~~  
3350 ~~project sponsor submits an application for allowances for the same project for the~~  
3351 ~~same control period, the Agency shall reject all such applications.~~

3352  
3353 d) CAIR NO<sub>x</sub> allowances from CASA ~~will~~shall be allocated in accordance with the  
3354 procedures in Section 225.575 ~~of this Subpart~~.

3355  
3356 ~~de~~ The project sponsor may submit an application that aggregates two or more  
3357 projects under a CASA project category that would individually result in less than  
3358 one allowance, but that equal at a minimum one whole allowance when  
3359 aggregated. ~~The Agency shall not allocate allowances for projects totaling less~~  
3360 ~~than one whole allowance after rounding.~~

3361  
3362 Section 225.560 Energy Efficiency and Conservation, Renewable Energy, and Clean  
3363 Technology Projects

3364  
3365 a) Energy efficiency and conservation project means any of the following projects  
3366 implemented in Illinois:

3367  
3368 1) Demand side management projects that reduce the overall power demand  
3369 by using less energy include:

3370  
3371 A) Smart building management software that more efficiently  
3372 regulates power flows.

3373  
3374 B) The use of or replacement to high efficiency motors, pumps,  
3375 compressors, or steam systems.

3376  
3377 ~~C) Lighting retrofits.~~

3378  
3379 2) Energy efficient new building construction projects include:

3380  
3381 A) ENERGY STAR qualified new home projects.

3382  
3383 B) Measures to reduce ~~or~~ conserve energy consumption beyond the  
3384 requirements of the Illinois Energy Conservation Code for  
3385 Commercial Buildings (20 ILCS 687/6-3).

3386  
3387 C) New residential construction projects that qualify for Energy  
3388 Efficient Tax Incentives ~~pursuant to~~under the Energy Policy Act of  
3389 2005, 42 U.S.C. §15801 (2005).

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- 3) Supply-side energy efficiency projects include projects implemented to improve the efficiency in electricity generation by coal-fired power plants, and the efficiency of electrical transmission and distribution systems.
  - 4) Highly efficient power generation project, such as, but not limited to, combined cycle projects, combined heat and power, and microturbines. To be considered a highly efficient power generation project ~~pursuant to under~~ this subsection (a)(4), a project must meet the thresholds and criteria listed below:
    - A) For combined heat and power projects generating both electricity and useful thermal energy for space, water, or industrial process heat, a rated-energy efficiency of at least 60 percent and is not a CAIR NO<sub>x</sub> Ozone Season unit.
    - B) For combined cycle projects rated at greater than 0.50 MW, a rated-energy efficiency of at least 50 percent.
    - C) For microturbine projects rated at or below 0.50 MW and all other projects rated-energy efficiency of at least 40 percent.
  - b) Renewable energy unit means any of the following projects implemented in Illinois:
    - 1) Zero-emission electric generating units, including wind, solar (thermal or photovoltaic), and hydropower projects. Eligible hydropower plants are restricted to new generators, that are not replacements of existing generators, that commence operation on or after January 1, 2006, and do not involve the significant expansion of an existing dam or the construction of a new dam.
    - 2) Renewable energy units are those units that generate electricity using more than 50 percent of the heat input, on an annual basis, from dedicated crops grown for energy production or the capture systems for methane gas from landfills, water treatment plants or sewage treatment plants, and organic waste biomass, and other similar sources of non-fossil fuel energy. Renewable energy projects do not include energy from incineration by burning or heating of waste wood, tires, garbage, general household, institutional lunchroom or office waste, landscape waste, or construction or demolition debris.
  - c) Clean technology project for reducing emissions from producing electricity and useful thermal energy means any of the following projects implemented in Illinois:

- 3436 1) Air pollution control equipment upgrades for control of NO<sub>x</sub> emissions at  
3437 existing coal-fired ~~electric generating unit~~EGUs, as follows: installation of  
3438 a selective catalytic reduction (SCR) or selective non-catalytic reduction  
3439 (SNCR) system, or other emission control technologies. Air pollution  
3440 control upgrades do not include the addition of low NO<sub>x</sub> burners, overfired  
3441 air techniques, gas reburning techniques, flue gas conditioning techniques  
3442 for the control of NO<sub>x</sub> emissions, projects involving upgrades or  
3443 replacement of electrostatic precipitators, or ~~addition of control~~  
3444 ~~equipment, such as~~ activated carbon injection, ~~or other sorbent~~  
3445 ~~injections specifically used~~ for control of mercury. For this purpose, a unit  
3446 ~~will~~shall be considered “existing” after it has been in commercial  
3447 operation for at least eight years.  
3448
- 3449 2) Clean coal technologies projects include:  
3450  
3451 A) Integrated gasification combined cycle (IGCC) plants.  
3452  
3453 B) Fluidized bed coal combustion.  
3454
- 3455 d) In addition to those projects excluded in subsections (a) through (c) of this  
3456 Section, the following projects are also not eEnergy efficiency and conservation,  
3457 renewable energy, or clean technology projects listed in subsection (a) through (c)  
3458 of this Section shall not include:  
3459
- 3460 1) Nnuclear power projects;  
3461
- 3462 2) Pprojects required to meet emission standards or technology requirements  
3463 under State or federal law or regulation, except that allowances may be  
3464 allocated for projects undertaken pursuant to Section 225.233.  
3465
- 3466 3) Pprojects used to meet the requirements of a court order or consent decree,  
3467 except that allowances may be allocated for:  
3468
- 3469 A) Emission rates or limits achieved that are lower than what is  
3470 required to meet the emission rates or limits for SO<sub>2</sub> or NO<sub>x</sub>, or for  
3471 installing a baghouse as provided for in a court order or consent  
3472 decree entered into before May 30, 2006.  
3473
- 3474 B) Projects used to meet the requirements of a court order or consent  
3475 decree entered into on or after May 30, 2006, if the court order or  
3476 consent decree does not specifically preclude such allocations.  
3477
- 3478 4) Aa Supplemental Environmental Project (SEP). ~~CASA allowances shall~~  
3479 ~~not be allocated to such projects.~~  
3480
- 3481 e) Applications for projects that that are not specifically listed in subsections (a)

3482 through (c) of this Section, and that are not specifically excluded by definition in  
 3483 subsections (a) through (c) of this Section or by specific exclusion in subsection  
 3484 (d) of this Section, may be submitted to the Agency. The Such application  
 3485 mustshall designate which category or categories from those listed in subsections  
 3486 (a)(1) through (c)(2)(B) of this Section best fits the proposed project and the  
 3487 applicable formula pursuant to ~~under~~ Section 225.565(b) of this Section to  
 3488 calculate the number of allowances that it is requesting. The Agency willshall  
 3489 determine whether the application is approvable based on a sufficient  
 3490 demonstration by the project sponsor that the project is a new type of energy  
 3491 efficiency, renewable energy, or clean technology project, similar in its effects as  
 3492 the projects specifically listed in subsection (a) through (c) of this Section.  
 3493

- 3494 f) Early adopter projects include projects that meet the criteria for any energy  
 3495 efficiency and conservation, renewable energy, or clean technology projects listed  
 3496 in subsections (a) , (b), (c), and (e) of this Section and commence construction  
 3497 between July 1, 2006, and December 31, 2012.  
 3498

3499 Section 225.565 CASA Allowances

- 3500  
 3501 a) The CAIR NO<sub>x</sub> allowances for the CASA for each control period willshall be  
 3502 assigned to the following categories of projects:

		Phase I (2009-2014)	Phase II (2015 and thereafter)
3503			
3504			
3505			
3506			
3507			
3508	1) Energy Efficiency and Conservation/ Renewable Energy	3684	3479
3509			
3510			
3511	2) Air Pollution Control Equipment Upgrades	1535	1448
3512			
3513			
3514	3) Clean Coal Technology Projects	1842	1738
3515			
3516	4) Early Adopters	614	580
3517			

- 3518 b) The following formulas mustshall be used to determine the number of CASA  
 3519 allowances that may be allocated to a project per control period:  
 3520

- 3521 1) For an energy efficiency and conservation project pursuant to Sections  
 3522 225.560(a)(1) through (a)(4)(A) ~~3~~ of this Subpart, the number of  
 3523 allowances mustshall be calculated using the number of megawatt hours of  
 3524 electricity that was not consumed during a control period and the  
 3525 following formula:

3526  
 3527 
$$A = (\text{MWh}_c) \times (1.5 \text{ lb/MWh}) / 2000 \text{ lb}$$

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3573

Where:

A = The number of allowances for a particular project.  
MWh<sub>c</sub> = The number of megawatt hours of electricity conserved or generated during a control period by a project.

- 2) For a zero emission electric generating projects pursuant to Section 225.560(b)(1) of this Subpart, the number of allowances mustshall be calculated using the number of megawatt hours of electricity generated during a control period and the following formula:

$$A = (\text{MWh}_g) \times (2.0 \text{ lb/MWh}) / 2000 \text{ lb}$$

Where:

A = The number of allowances for a particular project  
MWh<sub>g</sub> = The number of megawatt hours of electricity generated during a control period by a project.

- 3) For a renewable energy emission unit pursuant to Section 225.560(b)(2) of this Subpart, the number of allowances mustshall be calculated using the number of megawatt hours of electricity generated during a control period and the following formula:

$$A = (\text{MWh}_g) \times (0.5 \text{ lb/MWh}) / 2000 \text{ lb}$$

Where:

A = The number of allowances for a particular project.  
MWh<sub>g</sub> = The number of MW hours of electricity generated during a control period by a project.

- 4) For an air pollution control equipment upgrade project pursuant to Section 225.560(c)(1) of this Subpart, the number of allowances mustshall be calculated using the emission rate before and after replacement or improvement, and the following formula:

$$A = (\text{MWh}_g) \times 0.10 \times (\text{ER}_b \text{ lb/MWh} - \text{ER}_a \text{ lb/MWh}) / 2000 \text{ lb}$$

Where:

A = The number of allowances for a particular project.  
MWh<sub>g</sub> = The number of MWhmegawatt hour of electricity generated during a control period by a project.

3574 ER<sub>B</sub> = Average NO<sub>x</sub> emission rate based on CEMS data  
3575 from the most recent two control periods prior to  
3576 the replacement or improvement of the control  
3577 equipment in lb/MWh, unless subject to a consent  
3578 decree or court order. For units subject to a consent  
3579 decree or court order, entered into before May 30,  
3580 2006, ER<sub>B</sub> is limited to emission rates or limits that  
3581 are lower than the emission rate or limit required in  
3582 the consent decree or court order. On or after May  
3583 30, 2006, ER<sub>B</sub> is limited to emission rates or limits  
3584 specified in the consent decree or court order. If  
3585 such limit is not expressed in lb/MWh, the limit  
3586 shall be converted into lb/MWh using a heat rate of  
3587 10 mmBtu/1 MW.

3588 ER<sub>A</sub> = Average NO<sub>x</sub> emission rate for the applicable  
3589 control period data based on CEMS data in  
3590 lb/MWh.

- 3591  
3592 5) For highly efficient power generation and clean technologyIGCC projects  
3593 pursuant to Sections 225.560(a)(4)(~~B~~), (a)(4)(C) and (c)(2) of this Subpart,  
3594 the number of allowances mustshall be calculated using the number of  
3595 megawatt hours of electricity the project generates during a control period  
3596 and the following formula:

3597  
3598 
$$A = (\text{MWh}_g) \times (1.0 \text{ lb/MWh} - \text{ER lb/MWh}) / 2000 \text{ lb}$$

3599  
3600 Where:

3601  
3602 A = The number of allowances for a particular project.  
3603 MWh<sub>g</sub> = The number of megawatt hours of electricity  
3604 generated during a control period by a project.  
3605 ER = Average NO<sub>x</sub> emission rate for the control period  
3606 based on CEMS data in 1b/MWh.

- 3607  
3608 6) For a CASA project that commences~~ed~~ construction before December 31,  
3609 2012, in addition to the allowances allocated pursuant to~~under~~ subsections  
3610 (b)(1) through (b)(5) of this Section, a project sponsor may also request  
3611 additional allowances under the early adopter project category pursuant to  
3612 Section 225.460(e) of this Section based on the following formula:

3613  
3614 
$$A = 1.0 + 0.10 \times \Sigma A_i$$

3615  
3616 Where:

3617  
3618 A = The number of allowances for a particular project as  
3619 determined in subsections (b)(1) through (b)(5) of

3620 this Section.  
3621  $A_i =$  The number of allowances as determined in  
3622 subsection (b)(1), (b)(2), (b)(3), (b)(4) or (b)(5) of  
3623 this Section for a given project.  
3624

3625 Section 225.570 CASA Applications  
3626

- 3627 a) A project sponsor may request allowances if the project commenced construction  
3628 on or after the dates listed below. The project sponsor may request and be  
3629 allocated allowances from more than one CASA category for a project, if  
3630 applicable.  
3631
- 3632 1) Demand side management, energy efficient new construction, and supply  
3633 side energy efficiency and conservation projects that commenced  
3634 construction on or after January 1, 2003;
  - 3635 2) Fluidized bed coal combustion projects, highly efficient power generation  
3636 operations projects, or renewable energy emission units, which  
3637 commenced construction on or after January 1, 2001; and  
3638 3) All other projects on or after July 1, 2006.  
3639
- 3640 b) Beginning with the 2009 control period and each control period thereafter, a  
3641 project sponsor may request allowances from the CASA. The application must be  
3642 submitted to the Agency by May 1 of the control period for which the allowances  
3643 are being requested.  
3644
- 3645 c) The allocation willshall be based on the electricity conserved or generated in the  
3646 control period preceding the calendar year in which the application is submitted.  
3647 To apply for a CAIR NO<sub>x</sub> allocation from the CASA, project sponsors must  
3648 provide the Agency with the following information:  
3649
- 3650 1) Identification of the project sponsor, including name, address, type of  
3651 organization, certification that the project sponsor has met the definition of  
3652 “project sponsor” as set forth in Section 225.130, and name(s) of the  
3653 principals or corporate officials.  
3654
  - 3655 2) The number of the CAIR NO<sub>x</sub> general or compliance account for the  
3656 project and the name of the associated CAIR account representative.  
3657
  - 3658 3) A description of the project or projects, location, the role of the project  
3659 sponsor in the projects, and a general explanation of how the amount of  
3660 energy conserved or generated was measured, verified, and calculated, and  
3661 the number of allowances requested ~~and the~~ with the supporting  
3662 calculations. The number of allowances requested willshall be calculated  
3663 using the applicable formula from Section 225.570(b) of this Section.  
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- 4) Detailed information to support the request for allowances, including the following types of documentation for the measurement and verification of the NO<sub>x</sub> emissions reductions, electricity generated, or electricity conserved using established measurement verification procedures, as applicable. The measurement and verification required will depend on the type of project proposed.
  - A) As applicable, documentation of the project’s base and control period conditions and resultant base and control period energy data, using the procedures and methods included in *M&V Guidelines: Measurement and Verification for Federal Energy Projects*, incorporated by reference in Section 225.140 ~~of this Part~~, or other method approved by the Agency. Examples include:
    - i) Energy consumption and demand profiles;
    - ii) Occupancy type;
    - iii) Density and periods;
    - iv) Space conditions or plant throughput for each operating period and season. (For example, in a building this would include the light level and color, space temperature, humidity and ventilation);
    - v) Equipment inventory, nameplate data, location, condition; and
    - vi) Equipment operating practices (schedules and set points, actual temperatures/pressures).
  - B) Emissions data, including, if applicable, CEMS data;
  - C) Information for rated–energy efficiency including supporting documentation and calculations; and
  - D) Electricity, in MWh, generated or conserved for the applicable control period.
- 5) Notwithstanding the requirements of subsections (c)(4) of this Section, applications for fewer than five allowances may propose other reliable and applicable methods of quantification acceptable to the Agency.
- 6) Any additional information requested by the Agency to determine the correctness of the requested number of allowances, including site

3712 information, project specifications, supporting calculations, operating  
3713 procedures, and maintenance procedures.

- 3714  
3715 7) The following certification by the responsible official for the project  
3716 sponsor and the applicable CAIR account representative for the project:

3717  
3718 “I am authorized to make this submission on behalf of the project sponsor  
3719 and the holder of the CAIR NO<sub>x</sub> general account or compliance account  
3720 for which the submission is made. I certify under penalty of law that I  
3721 have personally examined, and am familiar with the statements and  
3722 information submitted in this application and all its attachments. Based on  
3723 my inquiry of those individuals with primary responsibility for obtaining  
3724 the information, I certify that the statements and information are to the  
3725 best of my knowledge and belief true, accurate, and complete. I am aware  
3726 that there are significant penalties for submitting false statements and  
3727 information or omitting required statements and information.”

- 3728  
3729 d) A project sponsor may request allowances from the CASA for each project a total  
3730 number of control periods not to exceed the number of control periods listed  
3731 below. After a project has been allocated allowances from CASA, subsequent  
3732 requests for the project from the project sponsor mustshall include the information  
3733 required by subsections (c)(1), (c)(2), (c)(3) and (c)(7) of this Section, a  
3734 description of any changes, or further improvements made to the project, and  
3735 information specified in subsections (c)(5) and (c)(6) as specifically requested by  
3736 the Agency.

3737  
3738 1) For energy efficiency and conservation projects (except for efficient  
3739 operation and renewable energy projects), for a total of eight control  
3740 periods.

3741  
3742 2) For early adopter projects, for a total of ten control periods.

3743  
3744 3) For air pollution control equipment upgrades for a total of 15 control  
3745 periods.

3746  
3747 43) For renewable energy projects, clean coal technology, and highly efficient  
3748 power generation projects, for each year that the project is in operation.

- 3749  
3750 e) A project sponsor must keep copies of all CASA applications and the  
3751 documentation used to support the application for at least five years.

3752  
3753 Section 225.575 Agency Action on CASA Applications

- 3754  
3755 a) By ~~September~~October 1, 2009, and each ~~September~~October 1 thereafter, the  
3756 Agency willshall determine the total number of allowances that are approvable for

3757 allocation to project sponsors based upon the applications submitted pursuant to  
3758 Section 225.570 ~~of this Subpart.~~

3759  
3760 1) The Agency ~~will~~ determine the number of CAIR NO<sub>x</sub> allowances that  
3761 are approvable based on the formulas and the criteria for such projects.  
3762 The Agency ~~will~~ notify a project sponsor within 90 days after receipt  
3763 of an application if the project is not approvable, the number of  
3764 allowances requested is not approvable, or additional information is  
3765 needed by the Agency to complete its review of the application.

3766  
3767 2) If the total number of CAIR NO<sub>x</sub> allowances requested for approved  
3768 projects is less than or equal to the number of CAIR NO<sub>x</sub> allowances in  
3769 the CASA project category, the number of allowances that are approved  
3770 shall be allocated to each CAIR NO<sub>x</sub> compliance or general account.

3771  
3772 3) If more CAIR NO<sub>x</sub> allowances are requested than the number of CAIR  
3773 NO<sub>x</sub> allowances in a given CASA project category, allowances ~~will~~  
3774 be allocated on a pro-rata basis based on the number of allowances  
3775 available, subject to further adjustment as provided for by subsection (b)  
3776 of this Section. CAIR NO<sub>x</sub> allowances ~~will~~ be allocated, transferred,  
3777 or used as whole allowances. The number of whole allowances ~~will~~  
3778 be determined by rounding down for decimals less than 0.5 and rounding  
3779 up for decimals of 0.5 or greater.

3780  
3781 b) For control periods 2011 and thereafter, if there are, after the completion of the  
3782 procedures in subsection (a) of this Section for a control period, any CAIR NO<sub>x</sub>  
3783 allowances not allocated to a CASA project for the control period:

3784  
3785 1) The remaining allowances ~~will~~ accrue in each CASA project category ~~will~~  
3786 ~~accrue~~ up to twice the number of allowances that are assigned to the  
3787 project category each control period as set forth in Section 225.565 ~~of this~~  
3788 Subpart.

3789  
3790 2) For control period 2011 and thereafter, if any allowances remain after  
3791 allocations pursuant to subsection (a) of this Section, the Agency will  
3792 allocate these allowances pro-rata to projects that received fewer  
3793 allowances than requested, based on the number of allowances not  
3794 allocated but approved by the Agency for the project under CASA. No  
3795 project may be allocated more allowances than approved by the Agency  
3796 for the applicable in a project category that are in excess of twice the  
3797 number assign for the control period as set forth in Section 225.565 of this  
3798 Subpart shall be redistributed to project categories that have fewer than  
3799 twice the number of allowances assigned to that project category for the  
3800 control period.

3801

- 3802 3) ~~For control period 2011 and thereafter, If any allowances remain after the~~  
3803 ~~allocation of allowances pursuant to subsection (b)(2) of this Section the~~  
3804 ~~Agency will then distribute pro-rata the remaining shall then reallocate~~  
3805 ~~allowances to projects that received fewer allowances than requested and~~  
3806 ~~approved on a pro-rata basis, based on the total number of approved~~  
3807 ~~allowances for the projectsproject categories that have fewer than twice~~  
3808 ~~the number of allowances assigned to the project category. The pro-rata~~  
3809 ~~distribution will be based on the difference between two times the project~~  
3810 ~~category and the number of allowances that remain in the project category.~~
- 3811
- 3812 4) ~~For control period 2011 and thereafter, if after the redistribution of~~  
3813 ~~allowances pursuant to subsection (b)(2) any allowances remain, these~~  
3814 ~~allowances shall be reassigned to project categories that have fewer than~~  
3815 ~~twice the number of allowances annually assigned to that project category~~  
3816 ~~as set forth in Section 225.565 of this Subpart, after the allocation in~~  
3817 ~~subsection (b)(3) of this Section.~~
- 3818
- 3819 5) ~~The Agency shall repeat the process of allocating allowances to CASA~~  
3820 ~~projects that received fewer allowances than requested and approved, and~~  
3821 ~~to reassigning allowances to project categories as set forth in subsections~~  
3822 ~~(b)(2), (b)(3), and (b)(4) of this Section, until no allowances remain to be~~  
3823 ~~reassigned between project categories and the approved allowance~~  
3824 ~~requests have been filled. If allowances still remain undistributed after the~~  
3825 ~~allocations and distributions in the above subsections are~~  
3826 ~~completedunallocated, the Agency may elect to retire any CAIR NO<sub>x</sub>~~  
3827 ~~allowances that have not been distributed to any CASA category, remain~~  
3828 ~~after all approved requests for allowances have been met and each project~~  
3829 ~~category has accrued twice the number of allowances assigned for that~~  
3830 ~~project category to continue progress toward attainment or maintenance of~~  
3831 ~~the National Ambient Air Quality Standards pursuant to the CAA.~~

STATE OF ILLINOIS        )  
  ) SS  
SANGAMON COUNTY        )

AFFIDAVIT

I, Rob Kaleel, upon my oath, do hereby state as follows:

1. I am employed as the Manager of the Air Quality Planning Section of the Division of Air Pollution Control in the Bureau of Air for the Illinois Environmental Protection Agency ("Illinois EPA").
2. In my current position as Section Manager, my responsibilities include oversight of staff that provides technical support for regulatory initiatives needed to address air quality issues in Illinois, including the regulatory proposal to implement the Federal Clean Air Interstate Rule. I have also been closely involved with the development of Illinois' State Implementation Plans to address the PM2.5 and ozone nonattainment areas in Illinois.
3. I have reviewed the Motion to Amend Rulemaking Proposal ("Motion") submitted in the rulemaking docketed as PCB R06-26.
4. To the best of my knowledge, the factual information and representations contained within the Motion are true and accurate.

FURTHER AFFIANT SAYETH NOT.

\_\_\_\_\_  
Rob Kaleel

Subscribed and sworn to before me  
this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
Notary Public

STATE OF ILLINOIS        )  
  ) SS  
SANGAMON COUNTY        )

AFFIDAVIT

I, Jim Ross, upon my oath, do hereby state as follows:

1. I am employed as the Manager of the Division of Air Pollution Control in the Bureau of Air for the Illinois Environmental Protection Agency ("Illinois EPA").
2. In my current position as Division Manager, I supervise a staff of over 150 engineers, specialists, and administrative support personnel in developing, monitoring, and enforcing the State and Federal air pollution control requirements. In particular, and more recently, I have been overseeing Illinois EPA's efforts in the development of several rulemaking efforts, including the proposed rule to implement the Federal Clean Air Interstate Rule.
3. I have reviewed the Motion to Amend Rulemaking Proposal ("Motion") submitted in the rulemaking docketed as PCB R06-26.
4. To the best of my knowledge, the factual information and representations contained within the Motion are true and accurate.

FURTHER AFFIANT SAYETH NOT.

\_\_\_\_\_  
Jim Ross

Subscribed and sworn to before me  
this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
Notary Public

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

IN THE MATTER OF:	)	
	)	
	)	R2006 - 026
PROPOSED Clean Air Interstate Rule (CAIR)	)	(Rulemaking – Air)
SO <sub>2</sub> , NO <sub>x</sub> Annual and NO <sub>x</sub> Ozone Season	)	
Trading Programs, 35 Ill. Adm. Code 225.	)	
Subparts A, C, D and E	)	
	)	

**MOTION TO AMEND RULEMAKING PROPOSAL**

NOW COMES the Proponent, the ILLINOIS ENVIRONMENTAL PROTECTION AGENCY (Illinois EPA), by its attorneys, and pursuant to 35 Ill. Adm. Code 101.500 and 102.402, moves that the Illinois Pollution Control Board (Board) amend proposed new Part 225. In support of its Motion, the Illinois EPA states as follows:

On May 30, 2006, the Illinois EPA filed a proposal with the Board to add new Subparts to Part 225, 35 Ill. Adm. Code Part 225, entitled "Control of Emissions from Large Combustion Sources." New subparts A, C, D and E, add SO<sub>2</sub>, NO<sub>x</sub> Annual and NO<sub>x</sub> Ozone Season Trading Programs in Part 225. The Illinois EPA's proposal is intended to meet certain obligations of the State of Illinois under the federal Clean Air Act (CAA), 42 U.S.C. § 7401 *et seq.*; specifically, to satisfy Illinois' obligation to submit a State Implementation Plan to address the requirements of the Clean Air Interstate Rule (CAIR), *see*, 70 *Fed. Reg.* 25161 (May 12, 2005). Under CAIR, states are required to submit State plans to the United States Environmental Protection Agency (USEPA) by no later than September 11, 2006. *Id.* at 25319; 40 CFR § 51.123(d)(1).

The Illinois EPA engaged in extensive outreach on this proposal. In January 2006, the Illinois EPA commenced regular meetings with representatives of the affected sources and public interest groups and the Illinois EPA distributed working drafts of the proposed rule to such parties.

After the filing of the rulemaking proposal, a number of changes and clarifications were found to be necessary as a result of communications with USEPA, issues that arose during the first hearing in this rulemaking held in Springfield, formatting and stylistic changes to conform with the changes made in the Board's Second Notice issued in the proposed mercury rulemaking (R06-025), and correction of typos. Therefore, the Illinois EPA is now proposing to amend the rulemaking proposal as set forth in this motion.

- 1) The following changes have been made to conform with changes to the Second Notice in R06-25:
  - A) The term "shall" has been replaced by the terms "will," "must," or "may" as applicable and the term "such" has either been deleted or replaced by a more specific term, e.g., the, these. (R06-25.)
  - B) The lead in paragraph for Section 225.130 now conforms with R06-25.
  - C) All "§" symbols have been deleted.
  - D) References to "of this Subpart" and "of this Part" have been deleted.
  - E) References to "with regard to" have been replaced by the phrase "for the purpose of."
  - F) The definition for "cogeneration unit" has been restricted to the Subparts implementing the CAIR trading programs, as it is not clear that USEPA would approve the definition as the Board has proposed it in its Second Notice for R06-25.
  - G) The term "under" has been replaced with the term "pursuant to."
- 2) The following changes have been made at the recommendation of USEPA:
  - A) The definitions for "CAIR authorized account representative" and "CAIR designated representative" have been clarified to include all three trading programs and to reflect amendments made to the definition as a result of the April 28, 2006, *Federal Register*.
  - B) The definition for "CAIR NO<sub>x</sub> compliance account" has been amended to reflect the federal term "compliance account" and to reflect both the annual NO<sub>x</sub> and NO<sub>x</sub> ozone season trading programs.

- C) The definition for “coal-fired” has been amended to reflect the difference between the definition for the NO<sub>x</sub> and the SO<sub>2</sub> trading programs.
- D) The definition for “combustion turbine” has been amended to include “duct burners” which reflects the change made to the definition pursuant to the April 28, 2006, *Federal Register*.
- E) The term “affected unit” has been replaced throughout Illinois EPA’s proposal with the specific program that applies to the particular unit, as the term “affected unit” is used in the federal Acid Rain program; hence, use of the term to refer to CAIR units that are not also Acid Rain units.
- F) The definition for “commence commercial operation” has been updated to reflect amendments that USEPA made to the definition on April 28, 2006. The most significant amendment is the deletion of subsection (c) of the definition.
- G) The definition for “commence operation” reflects changes made by USEPA to the definition on April 28, 2006. The most significant amendment is the deletion of subsection (b) of the definition.
- H) The definition for “nameplate capacity” reflects changes made by USEPA to the definition on April 28, 2006. The changes were only minor and included the addition of the phrase “as of such installation” and “as of such completion.”
- I) The definition for “repowered” reflects a request by USEPA that the term “unit” be used instead of the term “electric generating unit.”
- J) The definition for “useful thermal energy” reflects a request by USEPA that the term “heating” be used instead of “heat.”
- K) Section 225.140 (Incorporations by Reference) has been amended to reflect that last date that subsections (a) through (f) had been updated by USEPA.
- L) Sections 225.300, 225.400, and 225.500 reflect a request by USEPA that Illinois’ CAIR rule use the applicability language verbatim from the April 28, 2006, *Federal Register*. The most significant change is the deletion of the exemption for industrial boilers listed in 35 Ill. Adm. Code 217. Appendix D. USEPA’s position is that the status of any one of these boilers could change over time from one that is industrial in nature to one that is selling power to the grid.
- M) Sections 225.310(d), 225.410(d), and 225.510(d) reflect a request by USEPA that several changes be made to the subsection to conform to the federal requirements. Specifically, in subsection (d)(1) the term “owner or operator” should be used instead of the term “CAIR designated representative.” In addition, a more detailed description of the allowance transfer deadline has been added pursuant to amendments made by USEPA on April 28, 2006. In subsection (d)(3), there is the

addition of the phrase “and for each control period thereafter.” In subsection (d)(4), the phrase “into or” is added. In subsection (d)(5), there is a substitution of the phrase “deducted” and “compliance according to subsection (d)(1) of this Section, for” instead of “utilized,” and the terms “calendar” and “before” have been added. Finally, in subsection (d)(8), the term “compliance account” has been added.

- N) In Section 225.310(d)(1), USEPA requested that, with respect to the CAIR SO<sub>2</sub> trading program, a clarification be made as to the value of an allowance. For the CAIR SO<sub>2</sub> trading program an allowance has a different value depending on the year it is allocated (vintage) and it retains that value no matter when it is used for compliance or traded; hence, the use of the term “tonnage” in lieu of use of the term “ton.”
- O) Sections 225.310(e)(1)(D) & (f)(4), 225.410(e)(1)(D) & (f)(4), and 225.510(e)(1)(D) & (f)(4) reflect a request by USEPA that several changes be made to these subsections to conform to the federal requirements. Specifically, the requirement that the owner or operator submit any documents used to demonstrate compliance has been added and the last sentence has been deleted, respectively.
- P) Sections 225.320(a)(1) & (2) & (c), 225.410(a)(1) & (2) & (c), and 225.510(a)(1) & (2) & (c) reflect a request by USEPA that several changes be made to these subsections to conform to the federal requirements. Specifically, in subsection (a)(1), a requirement has been added that owners or operators submit any supplemental information requested by the Illinois EPA. In subsection (a)(2), a reference to the Illinois EPA’s authority to issue permits has been added. A new subsection (c) has been added to reflect that the applicable definitions will be incorporated by reference into the permit and all allocations, transfers or deductions of allowances automatically amend the applicable permit upon recordation by USEPA in the source’s compliance account.
- Q) Section 225.325 has been revamped to reflect that with respect to the CAIR SO<sub>2</sub> trading program a clarification has been made as to the value of an allowance. For the CAIR SO<sub>2</sub> trading program an allowance has a different value depending on the year it is allocated (vintage) and it retains that value no matter when it is used for compliance or traded; hence, the use of the term “tonnage” in lieu of use of the term “ton.” It also reflects that while the Illinois EPA does not have the authority to issue SO<sub>2</sub> allowances, other states that have adopted the opt-in provisions may.
- R) Section 225.430 (Timing for Annual Allocations) has been amended to reflect the timing required by the federal CAIR rule for NO<sub>x</sub> allowance allocations. Subsection (a) now provides that the Illinois EPA will make the initial allocations for control periods 2009, 2010, and 2011 no later than July 31, 2007. This will enable affected sources to submit their preference for calculating converted gross

output and allow the Illinois EPA sufficient time to make the necessary calculations after the proposal is adopted. Subsection (b) now provides that the Illinois EPA will submit allocations four years in advance of the applicable deadline, so the allocations for the 2012 control period will be made in 2008 and not in 2009. Subsection (c) of Section 225.430 now provides that allowances from the New Unit Set-Aside (NUSA) will be reported to USEPA by October 31 of the applicable control period; hence, new units will not receive allowances for compliance for the first year of commercial operation. These changes are required by 40 CFR 51.123(p).

- S) Section 225.530 (Timing for Ozone Season Allocations) has been amended to reflect the timing required by the federal CAIR rule for NO<sub>x</sub> allowance allocations. Subsection (a) now provides that the Illinois EPA will make the initial allocations for control periods 2009, 2010, and 2011 no later than July 31, 2007. This will enable affected sources to submit their preference for calculating converted gross output and allow the Illinois EPA sufficient time to make the necessary calculations after the proposal is adopted. Subsection (b) now provides that the Illinois EPA will submit allocations four years in advance of the applicable deadline, so the allocations for the 2012 control period will be made in 2008 and not in 2009. Subsection (c) of Section 225.530 now provides that allowances from the NUSA will be reported to USEPA by July 31 of the applicable control period; new units will not receive allowances for compliance for the first year of commercial operation. These changes are required by 40 CFR 51.123(aa).
- T) Sections 225.435 and 225.535 (Methodology for Calculating Allocations) have been amended to reflect the change in dates that allocations must be made. As allocations are required to be made four years in advance of the applicable control period, gross electrical output data for the 2012 and 2013 control period must be from 2006, 2007 and 2008. Such data may not be available, hence, a new subsection (b) was added to allow owners and operators a choice of using heat input for those control periods.
- U) Sections 225.440 and 225.540 Allocations have been clarified in subsection (b) to limit allocation of allowances to whole allowances on a pro-rata basis.
- V) Sections 225.445 and 225.545 (New Unit Set-Aside (NUSA)) have been amended to reflect the submittal date requirements of 40 CFR 51.123. Subsection (b) has been amended to require that applications be submitted not later than March 1 after the first control period that the unit has operated. This change means that new units will not receive an allocation for the control period in which they commence operation, but instead will receive an allocation beginning with the second control period of operation. Subsection (f) has been amended to state that the Illinois EPA will notify CAIR designated representatives of NUSA allocations by June 1 of the applicable control period. Subsection (g) for the annual program reflects that allocations from the Annual NUSA will be submitted to USEPA no

later than October 31 of the applicable control period. For the Ozone Season NUSA, the allocations will be submitted to USEPA no later than July 31 of the applicable control period.

- W) Sections 225.455 and 225.555 (Clean Air Set-Aside) (CASA) are amended to reflect a comment that new subsection (d) contained conflicting language. Either a project sponsor aggregates enough projects that would make it eligible for one allowance or the request can be rounded up. The proposal requires that the aggregation equal at least one whole allowance.
- 3) The following amendments are being proposed as a result of comments made at the October 10, 2006 hearing:
- A) A definition for “commence construction” has been added. A suggestion had been made that the term “commence commercial operation” be used; however, that term applies only to units that sell electricity to the grid. Although many of the projects may ultimately result in sales of electricity, it would exclude projects that include demand-side energy projects, e.g., Energy Star buildings.
  - B) A definition for “project sponsor” has been amended to lessen the possibility that two or more organizations or people could submit applications for the same project. The revised definition designates the individual or organization that provides the majority of the funding for the project unless another person or entity is designated in writing as the project sponsor.
  - C) In Sections 225.430 and 225.530 (Timing for Allocations), subsection (d) has been amended to clarify that the Illinois EPA will be allocating allowances from the CASA in 2009 for 2009, based on reductions allocations made in 2008. These allocations will be made by October 1 of each year, so the allowances allocated from the CAIR NO<sub>x</sub> Ozone Season CASA may be used for compliance in the year they are allocated.
  - D) Sections 225.435 and 225.535 (Methodology for Calculating Allocations) have been amended to reflect that the Illinois EPA clarify that affected units have a choice for control periods 2009 through 2013 whether gross electrical output or heat input is used to calculate converted gross output. Subsection (a) requires that the owner or operator submit a statement making the election by June 1, 2007, for control periods 2009 through 2011. New subsection (b) requires that the election be made in writing by June 1, 2008, for control periods 2012 and 2013.
  - E) Sections 225.450 and 225.550 (Monitoring, Recordkeeping and Reporting Requirements for Gross Electrical Output and Useful Thermal Energy) have been amended to reflect the date changes required by USEPA for the Illinois EPA to submit allocations and requests by the public at hearing to allow other measurement systems for gross electrical output. Subsection (a) has been amended to require a system for measuring gross electrical output no later than

January 1, 2008. This system may be a wattmeter or other system that meets either the requirements of 40 CFR 60 or 75, as applicable. Subsection (b) has also been amended to delay the installation of a system for measuring gross electrical output until 2008. Subsection (c) has been amended to require that gross electrical output for the initial allocations, control periods 2009-2011, be submitted to the Illinois EPA no later than June 1, 2007, and for the 2012 control period, that it be submitted no later than June 1, 2008. Subsection (d) has also been delayed one year. Designated representatives will be required to submit quarterly data at the end of the first quarter of 2008. Subsection (e) has been amended to reflect the new requirements for measuring gross electrical output and maintaining a monitoring plan.

- F) Sections 225.455 and 225.555 (Clean Air Set-Aside (CASA)) is amended to reflect a comment that the Illinois EPA does not make findings of noncompliance and to reflect the new definition for “project sponsor.” Subsection (b) has been amended to reflect that allowances received by a unit that is found to be out of compliance must be restored to the Illinois EPA. Subsection (c) has been deleted. It had required the Illinois EPA to reject a project if more than one project sponsor applied for allowances from the CASA.
- G) Sections 225.460 and 225.560 (Energy Efficiency and Conservation, Renewable Energy, and Clean Technology Projects) have been amended to reflect several clarifications to the rule. Subsection (a)(1) has been has been amended to reflect that lighting retrofits are demand side management projects. Subsection (a)(4)(A) has been amended to reflect that combined heat and power projects that are also CAIR NO<sub>x</sub> units or CAIR NO<sub>x</sub> Ozone Season units are not eligible to receive allowances from the CASA. Subsection (d) has been amended to clarify which projects are not eligible to receive allowances from the CASA. Subsection (e) has been amended to clarify that projects that are specifically excluded by definition in subsections (a) through (c) may not apply as another type project.
- H) Sections 225.465 and 225.565 (CASA Allowances) have also been clarified to reflect the changes made in Sections 225.460 and 225.560. Subsection (b)(1) has been amended to reflect that combined heat and power projects are eligible at a different rate for CASA allowances than other projects listed as supply-side projects. Subsection (b)(4) reflects the clarifications made concerning projects taken pursuant to consent decrees and court orders. This issue was also addressed in the Illinois EPA’s Post Hearing Comments. Subsection (b)(5) reflects that the entire clean technology category uses this formula to calculate the number of allowances that the project may be eligible to receive.
- I) Sections 225.470 and 225.570 (CASA Applications) have been amended to reflect the new definition for “project sponsor.” Subsection (c)(1) has been amended to require that the project sponsor submit as part of its application a certification that it has met the definition of “project sponsor.”

- J) Sections 225.475 and 225.575 (Agency Action on CASA Applications) have been amended to reflect new dates and the tipping scheme for excess allowances. Subsection (a) has been amended to require that the Illinois EPA notify project sponsors by September 1 of the applicable control period of the number of allowances that are approvable for a project. The later date would have precluded the Illinois EPA from allocating, and USEPA from recording, allowances from the Ozone Season CASA in time for a source that is also a project sponsor to use the allowance for compliance during the applicable control period. Subsection (b) reflects the new tipping scheme that was testified to at the First Hearing.

WHEREFORE, for the reasons set forth above, the Illinois EPA moves that the Board amend proposed new Part 225 as set forth herein.

Respectfully submitted,

ILLINOIS ENVIRONMENTAL  
PROTECTION AGENCY

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