

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

IN THE MATTER OF:)	
)	
PROPOSED NEW CAIR SO ₂ , CAIR NO _x)	
ANNUAL AND CAIR NO _x 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
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**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

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R06-26

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72

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

75

76 SOURCE: Adopted in Docket R06- at Ill. Reg. , effective , 2006⁶⁷

77

78

SUBPART A: GENERAL PROVISIONS

79

80
81 Section 225.120 Severability

82

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

85

86 Section 225.103 Abbreviations

87

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

91

92 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 _x	nitrogen oxides
108	ORIS	Office of Regulatory Information Systems
109	O ₂	oxygen
110	SO ₂	sulfur dioxide
111	USEPA	United State Environmental Protection Agency
112	yr	year

113
114 Section 225.130 Definitions

115
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~~.

121
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.

124
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.

129
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_x ~~and~~ SO₂ ~~and~~ NO_x Ozone Season allowances, as applicable, held
134 in the CAIR NO_x ~~and~~ SO₂ and NO_x Ozone Season general account, and ~~with regard to~~ for
135 the purpose of a CAIR NO_x compliance account, a CAIR SO₂ Allowance System
136 Tracking account, or a CAIR NO_x Ozone Season compliance account, the CAIR
137 designated representative of the source.
138

139 “CAIR designated representative” means for a CAIR NO_x source, ~~and~~ a CAIR SO₂
140 source, and a CAIR NO_x Ozone Season source and each CAIR NO_x unit, ~~and~~ CAIR SO₂
141 unit and CAIR NO_x 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_x Annual Trading Program, CAIR SO₂ Trading Program, and the CAIR NO_x Ozone
146 Season Trading Program, as applicable. For any unit that is subject to one or more of the
147 following programs: CAIR NO_x Annual Trading Program, the CAIR SO₂ Trading
148 Program, the CAIR NO_x 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_x compliance account” means, for the purposes of Subparts D and E of this~~
153 ~~Part, a CAIR NO_x Allowance Tracking System account, established by USEPA for a~~
154 ~~CAIR NO_x source under 40 CFR 96 subparts FF and FFFF in which any CAIR NO_x~~
155 ~~allowance allocations for the affected units at the source are initially recorded and in~~
156 ~~which are held any CAIR NO_x allowances available for use for a control period in order~~
157 ~~to meet the source’s CAIR NO_x 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_x Annual Season, CAIR SO₂, or CAIR NO_x 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 SO₂ unit, CAIR NO_x unit, or a CAIR NO_x 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 shall~~ continue
231 to be treated as the same unit.

232
233 2) For a unit that is a CAIR SO₂ unit, CAIR NO_x unit, or a CAIR NO_x
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 shall~~
239 remain the replaced ~~u~~ unit's date of commencement of commercial
240 operation, and the replaced ~~ment~~ unit ~~will shall~~ 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 SO₂ unit,
247 CAIR NO_x unit, or a CAIR NO_x 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 shall~~ 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 shall~~ 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 shall~~ remain the replaced ~~ment~~ unit's
267 date of commencement of commercial operation, and the
268 replaced ~~ment~~ unit ~~will shall~~ 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 ~~atas~~ 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_x
351 Allowance Tracking System account, established by USEPA for a CAIR NO_x source or
352 CAIR NO_x Ozone Season source pursuant to 40 CFR 96 subparts FF and FFFF in which
353 any CAIR NO_x allowance or CAIR NO_x Ozone Season allowance allocations for the
354 CAIR NO_x units or CAIR NO_x Ozone Season units at the source are initially recorded
355 and in which are held any CAIR NO_x or CAIR NO_x Ozone Season allowances available
356 for use for a control period in order to meet the source's CAIR NO_x or CAIR NO_x 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_x
359 allowances may not be used for compliance with the CAIR NO_x Ozone Season Trading
360 program and CAIR NO_x Ozone Season allowances may not be used for compliance with
361 the CAIR NO_x Annual Trading program.

362
363 “Control period” means:

364
365 For the CAIR SO₂ and NO_x 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_x 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_x allowances
437 or NO_x 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 Atmospheric or pressurized fluidized bed combustion;

466 Integrated gasification combined cycle;

467 Magnetohydrodynamics;

468 Direct and indirect coal-fired turbines;

469 Integrated gasification fuel cells; or

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

475
476 “Total energy output” means, with respect to a cogeneration unit, the sum of useful
477 power and useful thermal energy produced by the cogeneration unit.

478
479 “Useful thermal energy” means, ~~with regard to~~ for the purpose of a cogeneration unit, the
480 thermal energy that is made available to an industrial or commercial process, excluding
481 any heat contained in condensate return or makeup water:

482 Used in a heating application (e.g., space heating or domestic hot water heating);
483 or

484 Used in a space cooling application (e.g., thermal energy used by an absorption
485 chiller).

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494 Section 225.140 Incorporations by Reference

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

- 497
498
499
500 a) CAIR SO₂ Trading Program, 40 CFR 96, subpart AAA (CAIR SO₂ Trading
501 Program General Provisions, excluding 40 CFR §§ 96.204, and 96.206); 40 CFR
502 96, subpart BBB (CAIR Designated Representative for CAIR SO₂ Sources); 40
503 CFR 96, subpart FFF (CAIR SO₂ Allowance Tracking System); 40 CFR 96,
504 subpart GGG (CAIR SO₂ Allowance Transfers); and 40 CFR 96, subpart HHH
505 (Monitoring and Reporting) (2006).

- 506
507 b) CAIR NO_x Annual Trading Program, 40 CFR 96, subpart AA (NO_x 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_x Sources); 40 CFR 96, subpart FF (CAIR NO_x Allowance Tracking System);
511 40 CFR 96, subpart GG (CAIR NO_x Allowance Transfers); and 40 CFR 96,
512 subpart HH (Monitoring and Reporting) (2006).
513
514 c) CAIR NO_x Ozone Season Trading Program 40 CFR 96, subpart AAAA (CAIR
515 NO_x 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_x Ozone Season Sources); 40 CFR 96, subpart FFFF
518 (CAIR NO_x Ozone Season Allowance Tracking System); 40 CFR 96, subpart
519 GGGG (CAIR NO_x 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).
530

531 SUBPART C: CAIR SO₂ TRADING PROGRAM

532 Section 225.300 Purpose

533 The purpose of this Subpart C is to control the emissions of sulfur dioxide (SO₂) from electric
534 generating units (EGUs) annually by implementing the CAIR SO₂ Trading Program pursuant to
535 40 CFR 96, as incorporated by reference in Section 225.140 of this Subpart.
536
537
538

539 Section 225.305 Applicability

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

- 541 1) The following units are CAIR SO₂ units, and any source that includes one
542 or more such units is a CAIR SO₂ source subject to the requirements of
543 this Subpart C: any stationary, fossil-fuel-fired boiler or stationary, fossil-
544 fuel-fired combustion turbine serving at any time, since the later of
545 November 15, 1990 or the start-up the unit's combustion chamber, a
546 generator with nameplate capacity of more than 25 MWe producing
547 electricity for sale.
548
549
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 SO₂ 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 SO₂ 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 SO₂ units and units that meet the
560 requirements of subsections (b)(2) and (b)(5) of this Section are CAIR SO₂ units:
561
- 562 1) Any unit that is a CAIR SO₂ 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 SO₂ 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 SO₂ 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 SO₂ unit under subsection (a)(1) or (a)(2) of this
598 Section commencing operation on or after January 1, 1985: and

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

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

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 SO₂ 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 SO₂ Trading~~
620 ~~Program contained in this Subpart and is a CAIR SO₂ 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 SO₂ 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~~

643 ~~distribution system for sale.~~

644
645 ~~B) If a unit qualifies as a cogeneration unit during the 12-month~~
646 ~~period starting on the date the unit first produces electricity but~~
647 ~~subsequently no longer qualifies as a cogeneration unit, the unit~~
648 ~~shall be subject to subsection (a) of this Section starting on the~~
649 ~~January 1 after which the unit first no longer qualifies as a~~
650 ~~cogeneration unit.~~

651
652 ~~2) A unit that:~~

653
654 ~~A) Qualifies as a solid waste incineration unit as defined by Section~~
655 ~~129(g) of the CAA [42 U.S.C. § 7429(g)]; and~~

656
657 ~~i) Commences operation on or after January 1, 1985; and~~

658
659 ~~ii) Has an average annual fuel consumption of non-fossil fuel~~
660 ~~for the first three calendar years of operation exceeding 80~~
661 ~~percent (on a Btu basis) and an average annual fuel~~
662 ~~consumption of non-fossil fuel for any three consecutive~~
663 ~~calendar years after 1990 exceeding 80 percent (on a Btu~~
664 ~~basis).~~

665
666 ~~B) If a unit qualifies as a solid waste incineration unit and meets the~~
667 ~~requirements of subsection (b)(2)(A) of this Section for at least~~
668 ~~three consecutive calendar years, but subsequently no longer meets~~
669 ~~all such requirements, the unit shall become an affected unit~~
670 ~~starting on the January 1 after which the unit has an average annual~~
671 ~~fuel consumption of fossil fuel of 20 percent or more.~~

672
673 Section 225.310 Compliance Requirements

674
675 a) The owner or operator of ~~a CAIR SO₂ an-affected~~ unit ~~shall~~must comply with the
676 requirements of the CAIR SO₂ Trading Program for Illinois as set forth in this
677 Subpart C and 40 CFR 96, subpart AAA (CAIR SO₂ Trading Program General
678 Provisions, excluding 40 CFR §§ 96.204, and 96.206); 40 CFR 96, subpart BBB
679 (CAIR Designated Representative for CAIR SO₂ Sources); 40 CFR 96, subpart
680 FFF (CAIR SO₂ Allowance Tracking System); 40 CFR 96, subpart GGG (CAIR
681 SO₂ Allowance Transfers); and 40 CFR 96, subpart HHH (Monitoring and
682 Reporting); as incorporated by reference in Section 225.140 of this Part.

683
684 b) Permit requirements:

685
686 1) The owner or operator of each source with one or more CAIR SO₂affected
687 units at the source must apply for a permit issued by the Agency with
688 federally enforceable conditions covering the CAIR SO₂ Trading Program

- 689 (“CAIR SO₂ 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 SO₂ affected~~ source and each ~~CAIR~~
693 ~~SO₂ affected~~ unit at the source must operate the ~~CAIR SO₂ affected~~ unit in
694 compliance with ~~its~~ CAIR SO₂ permit.
695
- 696 c) Monitoring requirements:
697
- 698 1) The owner or operator of each ~~CAIR SO₂ affected~~ source and each ~~CAIR~~
699 ~~SO₂ 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 SO₂ affected~~ source and each ~~CAIR SO₂~~
702 ~~affected~~ unit at the ~~CAIR SO₂ 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 SO₂ 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 SO₂ affected~~ source and each ~~CAIR SO₂~~
717 ~~affected~~ unit at the source ~~shall~~ ~~must~~ hold ~~a tonnage equivalent in~~ CAIR
718 SO₂ allowances available for compliance deductions ~~pursuant to~~ 40
719 CFR §§ 96.254(a) and (b) in the ~~CAIR SO₂ affected~~ source’s CAIR SO₂
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 SO₂ emissions for the control period from all
724 ~~CAIR SO₂ affected~~ units at the ~~CAIR SO₂ 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 SO₂ emitted by ~~a CAIR SO₂ an-affected~~ unit in excess of the
730 ~~tonnage authorization~~ number of CAIR SO₂ allowances held by the owner
731 or operator for each ~~CAIR SO₂ affected~~ unit in its CAIR SO₂ 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 SO₂ affected unit will 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 SO₂ 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 SO₂ 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 SO₂ allowance allocated by USEPA under the CAIR SO₂ Trading Program is a limited authorization to emit SO₂ in accordance with the CAIR SO₂ Trading Program. No provision of the CAIR SO₂ Trading Program, the CAIR SO₂ permit application, the CAIR SO₂ permit, or a retired unit exemption pursuant to~~under~~ 40 CFR § 96.205, and no provision of law, will be construed to limit the authority of the United States or the State to terminate or limit this authorization.
 - 7) A CAIR SO₂ allowance allocated by USEPA pursuant to~~under~~ the CAIR SO₂ 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 SO₂ an allowance to or from a CAIR SO₂ an affected source's compliance account is deemed to amend automatically, and become a part of, any CAIR SO₂ permit of the CAIR SO₂ affected source. This automatic amendment of the CAIR SO₂ permit will 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 SO₂ affected source and each CAIR SO₂ 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 SO₂affected 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 SO₂ Trading Program or documents necessary to
797 demonstrate compliance with the requirements of the CAIR SO₂
798 Trading Program or with the requirements of this Subpart C.
- 799
- 800 D) Copies of all documents used to complete a CAIR SO₂ permit
801 application and any other submission or documents used to
802 demonstrate compliance pursuant tounder the CAIR SO₂ Trading
803 Program.
- 804
- 805 2) The CAIR designated representative of a CAIR SO₂an-affected source and
806 each CAIR SO₂affected unit at the source must submit to the Agency and
807 USEPA the reports and compliance certifications required pursuant
808 tounder the CAIR SO₂ 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 SO₂an-affected unit mayshall excuse
814 any violation of the requirements of this Subpart C or the requirements of
815 the CAIR SO₂ Trading Program.
- 816
- 817 2) Each CAIR SO₂affected source and each affected-CAIR SO₂unit shallmust
818 meet the requirements of the CAIR SO₂ Trading Program.
- 819
- 820 3) Any provision of the CAIR SO₂ Trading Program that applies to CAIR
821 SO₂ an-affected source (including any provision applicable to the CAIR
822 designated representative of a CAIR SO₂an-affected source) willshall also
823 apply to the owner and operator of thesueh CAIR SO₂affected source and
824 to the owner and operator of each CAIR SO₂affected unit at the source.
- 825
- 826 4) Any provision of the CAIR SO₂ Trading Program that applies to a CAIR

827 ~~SO₂an-affected~~ unit (including any provision applicable to the CAIR
828 designated representative of ~~a CAIR SO₂an-affected~~ unit) ~~will~~shall also
829 apply to the owner and operator of ~~thesuch CAIR SO₂affected~~ 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 SO₂an-affected~~ unit that
837 has excess SO₂ 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 SO₂an-affected~~ unit that has excess SO₂
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 SO₂ Trading Program, a
847 CAIR ~~SO₂~~ permit application, a CAIR ~~SO₂~~ 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 SO₂an-affected~~ source or ~~a CAIR~~
851 ~~SO₂affected~~ 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 SO₂ 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 SO₂an-affected~~ unit is
865 required to submit:

866
867 A) ~~A-a~~ complete permit application addressing all applicable CAIR
868 SO₂ Trading Program requirements for a permit meeting the
869 requirements of this Section 225.320, applicable to each ~~CAIR~~
870 ~~SO₂affected~~ unit at the source. Each CAIR ~~SO₂~~ permit ~~must~~shall
871 contain elements required for a complete CAIR ~~SO₂~~ 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 ~~SO₂~~ permit ~~will be issued pursuant to Section 39 or 39.5 of the Act, must~~shall contain federally enforceable conditions addressing all applicable CAIR SO₂ 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 ~~SO₂~~ permit ~~may~~shall be issued and no CAIR SO₂ Allowance System Tracking account ~~may~~shall be established for ~~the CAIR SO₂an 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~~ source and the ~~CAIR SO₂affected~~ unit at the source.
 - 4) For all ~~CAIR SO₂affected~~ units that commenced operation before July 1, 2008, the owner or operator of ~~thesueh~~ unit must submit a CAIR ~~SO₂~~ permit application meeting the requirements of this Section 225.320 on or before July 1, 2008.
 - 5) For ~~CAIR SO₂ affected~~ units ~~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 ~~thesueh~~ applications must specify that they are applying for CAIR ~~SO₂~~ permits, and must address the CAIR ~~SO₂~~ 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 SO₂affected~~ units ~~shall~~must submit to the Agency a CAIR ~~SO₂~~ permit application for the source covering each ~~CAIR SO₂affected~~ 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 SO₂affected~~ units ~~shall~~must reapply for a CAIR ~~SO₂~~ 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 SO₂ permit applications. A complete
918 CAIR SO₂ 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 SO₂affected unit at the source; and
927
928 C) The compliance requirements applicable to each CAIR
929 SO₂affected unit as set forth in Section 225.310 ~~of this Subpart~~.
930
931 3) An application for a CAIR SO₂ permit ~~will~~shall be treated as a
932 modification of the CAIR SO₂affected source's existing federally
933 enforceable permit, if such a permit has been issued for that CAIR
934 SO₂affected source, and ~~will~~shall be subject to the same procedural
935 requirements. When the Agency issues a CAIR SO₂ permit pursuant to the
936 requirements of this Section 225.320, it ~~will~~shall be incorporated into and
937 become part of that CAIR SO₂affected 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 SO₂
944 allowance to or from the compliance account of the CAIR SO₂ source covered by
945 the permit.
946

947 Section 225.325 Trading Program
948

- 949 a) The CAIR SO₂ Trading Program is administered by USEPA. CAIR SO₂
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 SO₂ allowances to be credited to ~~a CAIR SO₂an affected~~
954 source's CAIR SO₂ Allowance Tracking System account for ~~a CAIR SO₂an~~
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 SO₂ allowance is a limited authorization to emit SO₂ during the calendar
959 year for which the allowance is allocated or any calendar year thereafter pursuant
960 to~~under~~ the CAIR SO₂ Trading Program as follows:
961

- 962 1) For one CAIR SO₂ allowance allocated for a control period in a year
963 before 2010, ~~one ton of SO₂ the retirement ratio shall be one ton of SO₂ to~~
964 ~~1.0 CAIR SO₂ allowance~~, except as provided for in the compliance
965 deductions pursuant to 40 CFR § 96.254(b);
966
967 2) For one CAIR SO₂ allowance allocated for a control period in 2010
968 through 2014, ~~0.5 ton of SO₂ the retirement ratio shall be one ton of SO₂ to~~
969 ~~2.0 CAIR SO₂ allowances~~, except as provided for in the compliance
970 deductions pursuant to 40 CFR § 96.254(b); and
971
972 3) For one CAIR SO₂ allowance allocated for a control period in 2015 or
973 later, ~~0.35 ton of SO₂ the retirement ratio shall be one ton of SO₂ to 2.86~~
974 ~~CAIR SO₂ allowances~~, except as provided for in the compliance
975 deductions pursuant to 40 CFR § 96.254(b).
976

977 **SUBPART D: CAIR NO_x 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_x) from
982 electric generating units (EGU) by determining allocations and implementing the CAIR NO_x
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_x units, and any source that includes one
990 or more such units is a CAIR NO_x 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_x 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_x 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_x units and units that meet the
1006 requirements of subsections (b)(2) and (b)(5) of this Section are CAIR NO_x units:
1007

- 1008 1) Any unit that is a CAIR NO_x 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_x 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_x 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_x 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_x 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_x Trading Program contained in this Subpart and is a CAIR NO_x 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_x 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_x an affected~~ unit ~~shall~~must comply with the requirements of the CAIR NO_x Annual Trading Program for Illinois ~~as~~re set forth in this Subpart D and 40 CFR 96, subpart AA (NO_x 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_x Sources); 40 CFR 96, subpart FF (CAIR NO_x Allowance Tracking System); 40 CFR 96, subpart GG (CAIR NO_x 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_x affected~~ units at the source must apply for a permit issued by the Agency with federally enforceable conditions covering the CAIR NO_x Annual Trading Program (“CAIR ~~NO_x~~ permit”) that complies with the requirements of Section 225.420 ~~of this Subpart~~ (Permit Requirements).

2) The owner or operator of each ~~CAIR NO_x affected~~ source and each ~~CAIR NO_x affected~~ unit at the source must operate the ~~CAIR NO_x affected~~ unit in compliance with ~~its~~such CAIR ~~NO_x~~ permit.

c) Monitoring requirements:

1) The owner or operator of each ~~CAIR NO_x affected~~ source and each ~~CAIR NO_x 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_x affected
 1148 source and each CAIR NO_x affected unit at the CAIR NO_x 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_x affected source unit with the NO_x
 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_x affected
 1163 source and each CAIR NO_x affected unit at the source shall ~~must~~ hold
 1164 CAIR NO_x allowances available for compliance deductions pursuant
 1165 to ~~under~~ 40 CFR § 96.154(a) in the CAIR NO_x affected source's CAIR NO_x
 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_x emissions for the control period from all CAIR NO_x 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_x emitted in excess of the number of CAIR NO_x
 1176 allowances held by the owner or operator for each CAIR NO_x affected unit
 1177 in its CAIR NO_x 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_x 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_x 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_x 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_x allowance allocated by the Agency or USEPA pursuant
 1198 tounder the CAIR NO_x Annual Trading Program is a limited authorization
 1199 to emit one ton of NO_x in accordance with the CAIR NO_x Trading
 1200 Program. No provision of the CAIR NO_x Trading Program, the CAIR
 1201 NO_x permit application, the CAIR ~~NO_x~~ permit, or a retired unit exemption
 1202 pursuant tounder 40 CFR § 96.105, and no provision of law, willshall 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_x allowance allocated by the Agency or USEPA pursuant
 1207 tounder the CAIR NO_x 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_xan allowance to or from a CAIR NO_x source compliance account is
 1213 deemed to amend automatically, and become a part of, any CAIR NO_x
 1214 permit of the CAIR NO_xaffected source. This automatic amendment of
 1215 the CAIR ~~NO_x~~ permit willshall 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_xaffected source and each CAIR NO_xaffected unit at the source
 1222 shallmust 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_xaffected 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_x Annual Trading Program or documents necessary to
1244 demonstrate compliance with the requirements of the CAIR NO_x
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_x permit
1249 application and any other submission or documents used to
1250 demonstrate compliance pursuant to ~~under~~ the CAIR NO_x 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_x affected source and
1257 each CAIR NO_x 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_x 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_x an affected unit may shall excuse
1265 any violation of the requirements of this Subpart D or the requirements of
1266 the CAIR NO_x Annual Trading Program.
1267
- 1268 2) Each CAIR NO_x affected source and each CAIR NO_x affected unit
1269 shall must meet the requirements of the CAIR NO_x Annual Trading
1270 Program.
1271
- 1272 3) Any provision of the CAIR NO_x Annual Trading Program that applies to a
1273 CAIR NO_x an affected source (including any provision applicable to the
1274 CAIR designated representative of a CAIR NO_x an affected source)
1275 will shall also apply to the owner and operator of the such CAIR
1276 NO_x affected source and to the owner and operator of each CAIR
1277 NO_x affected unit at the source.
1278
- 1279 4) Any provision of the CAIR NO_x Annual Trading Program that applies to a
1280 CAIR NO_x an affected unit (including any provision applicable to the
1281 CAIR designated representative of a CAIR NO_x an affected unit) will shall
1282 also apply to the owner and operator of the such CAIR NO_x 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_xan-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_xan-affected unit that has excess NO_x
 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_x Annual Trading
 1301 Program, a CAIR NO_x permit application, a CAIR NO_x 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_xan-affected source or a CAIR NO_xan
 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_x 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_xan-affected unit is
 1319 required to submit:

1321 A) ~~a~~ complete permit application addressing all applicable CAIR
 1322 NO_x Annual Trading Program requirements for a permit meeting
 1323 the requirements of this Section 225.420, applicable to each CAIR
 1324 NO_xaffected unit at the source. Each CAIR NO_x permit ~~shall~~must
 1325 contain elements required for a complete CAIR NO_x 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

- 1330 any CAIR permit.
- 1331
- 1332 2) Each CAIR ~~NO_x~~ permit will be issued pursuant to Section 39 and 39.5 of
- 1333 the Act, shall contain federally enforceable conditions addressing all
- 1334 applicable CAIR ~~NO_x~~ Annual Trading Program requirements and
- 1335 shall be a complete and segregable portion of the source's entire
- 1336 permit pursuant to subsection (a)(1) of this Section.
- 1337
- 1338 3) No CAIR ~~NO_x~~ permit may be issued, and no CAIR ~~NO_x~~ compliance
- 1339 account may be established for a ~~CAIR NO_xan-affected~~ source, until
- 1340 the Agency and USEPA have received a complete certificate of
- 1341 representation for a CAIR designated representative pursuant to 40
- 1342 CFR 96, subpart BB, for the ~~CAIR NO_xaffected~~-source and the ~~CAIR~~
- 1343 ~~NO_xaffected~~ unit at the source.
- 1344
- 1345 4) For all ~~CAIR NO_xaffected~~ units that commenced operation before July 1,
- 1346 2007, the owner or operator of ~~thesueh~~ unit must submit a CAIR ~~NO_x~~
- 1347 permit application meeting the requirements of this Section 225.420 on or
- 1348 before July 1, 2007.
- 1349
- 1350 5) For all ~~CAIR NO_xaffected~~ units ~~and~~ that commence operation on or after
- 1351 July 1, 2007~~8~~, the owner or operator of ~~thesesueh~~ units must submit
- 1352 applications for construction and operating permits pursuant to the
- 1353 requirements of Sections 39 and 39.5 of the Act, as applicable, and 35 Ill.
- 1354 Adm. Code 201 and ~~thesueh~~ applications must specify that they are
- 1355 applying for CAIR ~~NO_x~~ permits, and must address the CAIR ~~NO_x~~ permit
- 1356 application requirements of this Section 225.420.
- 1357
- 1358 b) Permit applications:
- 1359
- 1360 1) Duty to apply. The owner or operator of any source with one or more
- 1361 ~~CAIR NO_xaffected~~ units shall submit to the Agency a CAIR ~~NO_x~~
- 1362 permit application for the source covering each ~~CAIR NO_xaffected~~ unit
- 1363 pursuant to subsection (b)(2) of this Section by the applicable
- 1364 deadline in subsection (a)(4) or (a)(5) of this Section. The owner or
- 1365 operator of any source with one or more ~~CAIR NO_xaffected~~ units
- 1366 shall reapply for a CAIR ~~NO_x~~ permit for the source as required by
- 1367 this Subpart, 35 Ill. Adm. Code 201, and, as applicable, Sections 39 and
- 1368 39.5 of the Act.
- 1369
- 1370 2) Information requirements for CAIR ~~NO_x~~ permit applications. A complete
- 1371 CAIR ~~NO_x~~ permit application shall include the following elements
- 1372 concerning the source for which the application is submitted:
- 1373
- 1374 A) Identification of the source, including plant name. The ORIS
- 1375 (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_x affected unit at the source; and

1380
1381 C) The compliance requirements applicable to each CAIR
1382 NO_x affected unit as set forth in Section 225.410 of this Subpart.

1383
1384 3) An application for a CAIR NO_x permit will be treated as a
1385 modification of the CAIR NO_x 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_x 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_x
1396 allowance to or from the compliance account of the CAIR NO_x source covered by
1397 the permit.

1398
1399 Section 225.425 Annual Trading Budget

1400
1401 The CAIR NO_x 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_x 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_x 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_x 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_x 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_x Annual Trading budget for any

1422 reason, the Agency willshall adjust the base CAIR NO_x Annual Trading budget
 1423 and the CAIR NO_x 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_x 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_x 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_xaffected
 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_xaffected 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 input²s 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

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

A) If the unit is coal-fired:

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

B) If the unit is oil-fired:

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

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

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

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

A) If the unit is coal-fired:

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

B) If the unit is oil-fired:

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

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

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

cb) For control period ~~2014~~2012 and thereafter, the unit's gross electrical output ~~will shall~~ be 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 ~~will shall~~ be attributed to each unit in proportion to the unit's share of the total control period heat input of ~~thesesueh~~ units for the control period. The unit's converted gross electrical output ~~will shall~~ be calculated as follows:

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 (c) 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_x 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_x affected unit pursuant to the provisions
 1593 of Section 225.450 of this Subpart.

1594

1595 **fe)** The CAIR NO_x 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_x allowances to all CAIR NO_x 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_x
 1605 allowances equal to tons of NO_x emissions in the CAIR NO_x Annual Trading

1606 budget available for allocation as determined in Section 225.425525 of this
 1607 Subpart and allocated pursuant to this Section 225.440 of this Subpart.

1608
 1609 b) The Agency willshall allocate CAIR NO_x allowances to each CAIR NO_xaffected
 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_x allowances from the NUSA to CAIR NO_x 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_x allowances equal to 5 percent of the amount of
 1626 tons of NO_x emissions in the base CAIR NO_x Annual Trading budget in Section
 1627 225.425 of this Subpart.

1628
 1629 b) The CAIR designated representative of such a new CAIR NO_xan-affected unit
 1630 may submit to the Agency a request, in a format specified by the Agency, to be
 1631 allocated CAIR NO_x 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_x
 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_xaffected unit for that control period.

1644
 1645 d) The Agency willshall allocate allowances from the NUSA to a new CAIR
 1646 NO_xaffected unit using the following procedures:

1647
 1648 1) For each new CAIR NO_xaffected 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 (in MWh) = GO × 1.0;
 1659
- 1660 B) If the unit is oil-fired:
 1661 CGO (in MWh) = GO × 0.6; or
 1662
- 1663 C) If the unit is neither coal-fired nor oil-fired:
 1664 CGO (in MWh) = GO × 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 (in MWh) = UTE (in mmBtu) × 0.2930;
 1679
- 1680 B) If the unit is oil-fired:
 1681 CUTE (in MWh) = UTE (in mmBtu) × 0.1758; or
 1682
- 1683 C) If the unit is neither coal-fired nor oil-fired:
 1684 CUTE (in MWh) = UTE (in mmBtu) × 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_xaffected~~ 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_x 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_y = un-prorated allocation to a new CAIR NO_xaffected unit.
- TCGO_y = total converted gross electrical output for a new CAIR NO_xaffected unit.

- 5) The Agency willshall allocate CAIR NO_x allowances from the NUSA to new CAIR NO_xaffected units as follows:
 - A) If the NUSA for the control period for which CAIR NO_x 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_x allowances less than the total un-prorated allocation to all new CAIR NO_xaffected units requesting allocations, the Agency willshall allocate the available allowances for new CAIR NO_xaffected 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_x 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_x 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_x 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_x 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_x affected~~ unit ~~will~~[shall](#)
 1759 continue to receive CAIR NO_x allowances from the NUSA according to this
 1760 Section until the unit is eligible to use the CAIR NO_x 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_x allowances remain in the NUSA for
 1765 the control period, the Agency ~~will~~[shall](#), at a minimum, accrue those CAIR NO_x
 1766 allowances for future control period allocations to new ~~CAIR NO_x affected~~ units.
 1767 The Agency may from time to time elect to retire CAIR NO_x 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, ~~20082007~~, or by the date of commencing commercial operation,
 1776 whichever is later, the owner or operator of the ~~CAIR NO_x 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_xan-affected unit that is a cogeneration unit by January 1,
 1788 20082007, or by the date the CAIR NO_xaffected unit commences to produce
 1789 useful thermal energy, whichever is later, the owner or operator of a CAIR NO_xan
 1790 affected unit with cogeneration capabilities shallmust 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_xan-affected unit that produces useful thermal energy but uses an energy
 1795 transfer medium other than steam, e.g., hot water or; glycol, shallmust 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_xaffected unit ceases to produce useful thermal
 1799 energy, the owner or operator may cease operation of the meters, provided that
 1800 operation of thesesueh meters shallmust be resumed if the CAIR NO_xaffected unit
 1801 resumes production of useful thermal energy.
 1802
- 1803 c) ~~By September 30, 2006,~~ The owner or operator of CAIR NO_xan-affected unit
 1804 shallmust 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 shallmust also
 1813 be submitted. If heat input data is used, the owner or operator shallmust
 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 20082007, the CAIR designated representative of the CAIR
 1826 NO_xaffected unit shallmust 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_xaffected 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_x 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_x 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_x 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_x 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.

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_x 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_x 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_x allowances that it received pursuant to its CASA request or an equivalent
 1875 number of CAIR NO_x allowances to the CASA within six months of receipt of an
 1876 Agency notice that NO_x allowances must be restored~~finding of noncompliance~~.

1877 These allowances willshall 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_x 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_x allowances from CASA willshall 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).
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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_x 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 SO₂ 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_x emissions. Air pollution control
1974 upgrade projects do not include the addition of low NO_x burners, overfired
1975 air techniques or gas reburning techniques for control of NO_x 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) Nuclear power projects;

1994
1995 2) Pprojects 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) Tthe installation of a baghouse);

2000
2001 B) Projects undertaken pursuant to Section 225.233.

2002
2003 3) Pprojects 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 SO₂ or NO_x, 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_x 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_c = 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_g = 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_g = 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_x or SO₂ control projects, by determining the difference in
 2104 emitted NO_x or SO₂ per control period using the emission rate
 2105 before and after replacement or improvement, and the following
 2106 formula:

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$$A = (MWh_g) \times K \times (ER_B \text{ lb/MWh} - ER_A \text{ lb/MWh}) / 2000 \text{ lb}$$

Where:

- A = The number of allowances for a particular project.
- MWh_g = The number of megawatt hours of electricity generated during a control period by a project.
- K = The pollutant factor: for NO_x, K= 0.1; and for SO₂, K = 0.05.
- ER_B = Average NO_x or SO₂ 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_B 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_B 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_A = Annual NO_x or SO₂ average emission rate for the applicable control period data based on CEMS data in lb/MWh.

B) For a baghouse project:

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

Where:

- A = The number of allowances for a particular project.
- MWh_g = 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.

Q = 0.2, unless installed pursuant to a court order or consent decree which does not specify a factor, then Q = 0.05, or if installed pursuant to a consent decree or court order that does specify a factor then Q equals a factor not to exceed 0.2.

- 5) For highly efficient power generation and clean technologyIGCC projects pursuant to Sections 225.460(a)(4)(~~B~~), ~~(a)(4)(C)~~, and (c)(2) ~~of this Subpart~~, the number of allowances ~~must~~shall be calculated using the number of megawatt hours of electricity the project generates during a control period and the following formula:

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

Where:

- A = The number of allowances for a particular project.
 MWh_g = The number of megawatt hours of electricity generated during a control period by a project.
 ER = Annual average NO_x emission rate based on CEMS data in lb/MWh.

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

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

Where:

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

Section 225.470 CASA Applications

- a) A project sponsor may request allowances if the project commenced construction 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 willshall 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_x 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_x 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 willshall 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_x emissions reductions, electricity generated, or electricity
2239 conserved using established measurement verification procedures, as
2240 applicable. The measurement and verification required willshall 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_x 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 ~~4~~3) 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_x 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_x allowances requested for approved
 2337 projects is less than or equal to the number of CAIR NO_x allowances in
 2338 the CASA project category, the number of allowances that are approved
 2339 willshall be allocated to each CAIR NO_x compliance or general account.
 2340
- 2341 3) If more CAIR NO_x allowances are requested than the number of CAIR
 2342 NO_x 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_x 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_x
 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_x 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_x allowances allocated ~~pursuant to under~~ Section 225.4235 ~~of this~~
 2406 ~~Subpart~~, the USEPA has provided an additional 11,299 CAIR NO_x 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_x allowances for public health and air quality
 2409 improvements.

2410

2411 **SUBPART E: CAIR NO_x 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_x) from
 2416 ~~electric generating unit~~EGUs by determining allocations and implementing the CAIR NO_x
 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_x Ozone Season units, and any source
 2424 that includes one or more such units is a CAIR NO_x 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_x 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_x 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_x units and units that meet the
2441 requirements of subsections (b)(2) and (b)(5) of this Section are CAIR NO_x
2442 Ozone Season units:
2443
- 2444 1) Any unit that is a CAIR NO_x 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_x 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_x 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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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_x 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_x 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_x Ozone Season Trading Program contained in this Subpart and is a CAIR NO_x 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_x 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_x Ozone Season an-affected~~ unit ~~must~~shall
2560 comply with the requirements of the CAIR NO_x Ozone Season Trading Program
2561 for Illinois as set forth in this Subpart E and 40 CFR 96, subpart AAAA (CAIR
2562 NO_x 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_x Ozone Season Sources); 40 CFR 96, subpart FFFF

2565 (CAIR NO_x Ozone Season Allowance Tracking System); 40 CFR 96, subpart
2566 GGGG (CAIR NO_x 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
2570 b) Permit requirements:

- 2571
2572 1) The owner or operator of each source with one or more ~~CAIR NO_x Ozone~~
2573 ~~Seasonaffected~~ units at the source must apply for a permit issued by the
2574 Agency with federally enforceable conditions covering the CAIR NO_x
2575 Ozone Season Trading Program (“CAIR ~~NO_x 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_x Ozone Seasonaffected~~ source
2580 and each ~~CAIR NO_x Ozone Seasonaffected~~ unit at the source must operate
2581 the ~~CAIR NO_x Ozone Seasonaffected~~ unit in compliance with ~~its~~
2582 ~~CAIR NO_x Ozone Season~~ permit.
2583

2584 c) Monitoring requirements:

- 2585
2586 1) The owner or operator of each ~~CAIR NO_x Ozone Seasonaffected~~ source
2587 and each ~~CAIR NO_x Ozone Seasonaffected~~ 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_x Ozone Seasonaffected~~ source and each
2591 ~~CAIR NO_x Ozone Seasonaffected~~ 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_x Ozone Seasonaffected~~ ~~source~~unit with
2597 the CAIR NO_x Ozone Season emissions limitation ~~pursuant to~~
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_x~~
2607 ~~Ozone Seasonaffected~~ source and each ~~CAIR NO_x Ozone Seasonaffected~~
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_x 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_x emissions for the control period from all
 2614 CAIR NO_x Ozone Season~~affected~~ units at the CAIR NO_x 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_x emitted in excess of the number of CAIR NO_x Ozone
 2621 Season allowances held by the owner or operator for each CAIR NO_x
 2622 Ozone Season~~affected~~ unit in its CAIR NO_x 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_x 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_x 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_x 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_x Ozone Season allowance is allocated.
- 2642
- 2643 6) A CAIR NO_x Ozone Season allowance allocated by the Agency or
 2644 USEPA pursuant to~~under~~ the CAIR NO_x Ozone Season Trading Program
 2645 is a limited authorization to emit one ton of NO_x in accordance with the
 2646 CAIR NO_x Ozone Season Trading Program. No provision of the CAIR
 2647 NO_x Ozone Season Trading Program, the CAIR ~~NO_x Ozone Season~~
 2648 permit application, the CAIR ~~NO_x 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_x Ozone Season allowance allocated by the Agency or
 2654 USEPA pursuant to~~under~~ the CAIR NO_x 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_x Ozone Season source compliance account is
2660 deemed to amend automatically, and become a part of, any CAIR NO_x
2661 Ozone Season permit of the ~~CAIR NO_x Ozone Season~~affected source.
2662 This automatic amendment of the CAIR ~~NO_x 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_x Ozone~~
2669 ~~Season~~affected source and each ~~CAIR NO_x 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_x 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_x Ozone Season Trading Program or documents
2692 necessary to demonstrate compliance with the requirements of the
2693 CAIR NO_x 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_x Ozone
2697 Season permit application and any other submission or documents
2698 used to demonstrate compliance pursuant to the CAIR NO_x
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_x Ozone Season~~~~an~~~~affected~~ source and each ~~CAIR NO_x 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_x 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_x Ozone Season~~~~an~~~~affected~~ unit ~~may~~~~shall~~ excuse any violation of the requirements of this Subpart ~~E~~ or the requirements of the CAIR NO_x Ozone Season Trading Program.
- 2) Each ~~CAIR NO_x Ozone Season~~~~affected~~ source and each ~~CAIR NO_x Ozone Season~~~~affected~~ unit ~~must~~~~shall~~ meet the requirements of the CAIR NO_x Ozone Season Trading Program.
- 3) Any provision of the CAIR NO_x Ozone Season Trading Program that applies to ~~a CAIR NO_x Ozone Season~~~~an~~~~affected~~ source (including any provision applicable to the CAIR designated representative of ~~a CAIR NO_x Ozone Season~~~~an~~~~affected~~ source) ~~will~~~~shall~~ also apply to the owner and operator of ~~the~~~~such~~ ~~CAIR NO_x Ozone Season~~~~affected~~ source and to the owner and operator of each ~~CAIR NO_x Ozone Season~~~~affected~~ unit at the source.
- 4) Any provision of the CAIR NO_x Ozone Season Trading Program that applies to ~~a CAIR NO_x Ozone Season~~~~an~~~~affected~~ unit (including any provision applicable to the CAIR designated representative of ~~a CAIR NO_x Ozone Season~~~~an~~~~affected~~ unit) ~~will~~~~shall~~ also apply to the owner and operator of ~~the~~~~such~~ ~~CAIR NO_x 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_x 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_x Ozone Season~~~~an~~~~affected~~ unit that has excess NO_x emissions in any control period ~~must~~~~shall~~ pay any fine, penalty, or assessment or comply with any other remedy imposed ~~pursuant~~

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

2750

2751 g) Effect on other authorities. No provision of the CAIR NO_x Ozone Season
2752 Trading Program, a CAIR ~~NO_x Ozone Season~~ permit application, a CAIR ~~NO_x~~
2753 ~~Ozone Season~~ permit, or a retired unit exemption pursuant tounder 40 CFR §
2754 96.305 willshall be construed as exempting or excluding the owner and operator
2755 and, to the extent applicable, the CAIR designated representative of a CAIR NO_x
2756 Ozone Season an-affected source or a CAIR NO_x Ozone Seasonan-affected unit,
2757 from compliance with any other regulation promulgated pursuant tounder 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 tounder the CAIR NO_x 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_x Ozone Seasonan-
2771 affected unit is required to submit:

2772

2773 A) -Aa complete permit application addressing all applicable CAIR
2774 NO_x Ozone Season Trading Program requirements for a permit
2775 meeting the requirements of this Section 225.520, applicable to
2776 each CAIR NO_x Ozone Seasonaffected unit at the source. Each
2777 CAIR ~~NO_x Ozone Season~~ permit mustshall contain elements
2778 required for a complete CAIR ~~NO_x Ozone Season~~ permit
2779 application pursuant tounder 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_x Ozone Season~~ permit will be issued pursuant to Section
2786 39 of 39.5 of the Act and willshall contain federally enforceable
2787 conditions addressing all applicable CAIR NO_x Ozone Season Trading
2788 Program requirements and willshall be a complete and segregable portion
2789 of the source's entire permit pursuant tounder subsection (a)(1) of this
2790 Section.

2791

2792 3) No CAIR ~~NO_x Ozone Season~~ permit mayshall be issued, and no CAIR
2793 NO_x Ozone Season compliance account mayshall be established for a
2794 CAIR NO_x Ozone Seasonan-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_x Ozone Season~~affected~~ source and the CAIR NO_x
 2798 Ozone Season~~affected~~ unit at the source.
 2799
- 2800 4) For all CAIR NO_x 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_x 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 thesuesh 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_x Ozone Season permits, and must address the CAIR NO_x 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_x Ozone Season~~affected~~ units mustshall submit to the Agency a
 2817 CAIR NO_x Ozone Season permit application for the source covering each
 2818 CAIR NO_x 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_x Ozone Season~~affected~~ units mustshall reapply for a CAIR NO_x
 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_x Ozone Season permit
 2826 applications. A complete CAIR NO_x 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_x Ozone Season~~affected~~ unit at the
 2836 source; and
 2837
- 2838 C) The compliance requirements applicable to each CAIR NO_x Ozone
 2839 Season~~affected~~ unit as set forth in Section 225.510 of this Subpart.
 2840

2841 3) An application for a CAIR ~~NO_x Ozone Season~~ permit willshall be treated
2842 as a modification of the ~~CAIR NO_x 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_x 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_x Ozone Season allowance to or from the compliance account of the CAIR
2854 NO_x Ozone Season source covered by the permit.
2855

2856 Section 225.525 Ozone Season Trading Budget

2857
2858 The CAIR NO_x 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_x 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_x 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_x 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_x 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_x Ozone Season Trading budget for any
2879 reason, the Agency willshall adjust the base CAIR NO_x Ozone Season Trading
2880 budget CAIR NO_x 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_x 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_x 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_x 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_x 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 ~~willshall~~ be attributed to each unit in proportion to the unit's share of the total control period heat input of ~~thesesueh~~ units for the control period. The unit's converted gross electrical output ~~willshall~~ 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 ~~willshall~~ 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 ~~willshall~~ be used. The unit's converted gross electrical output ~~willshall~~ 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:

2982
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 ~~thesesueh~~
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_x 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_x Ozone Season~~affected~~ unit
 3052 pursuant to the provisions of Section 225.550 ~~of this Subpart~~.

3053

3054 **f**-e) The CAIR NO_x 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_x Ozone Season allowances to all CAIR NO_x 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_x Ozone Season allowances equal to tons of NO_x emissions in the
 3067 CAIR NO_x 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_x Ozone Season allowances to each
 3072 ~~CAIR NO_x 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_x Ozone Season allowances from the NUSA to ~~CAIR NO_x 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_x Ozone Season allowances equal to
 3089 5 percent of the amount of tons of NO_x emissions in the base CAIR NO_x 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_x 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_x 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_x 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_x 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_x~~
 3110 ~~Ozone Season~~ affected unit using the following procedures:

3111
 3112 1) For each new ~~CAIR NO_x 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:

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- A) If the unit is coal-fired:
 $CGO \text{ (in MWh)} = GO \times 1.0;$
- B) If the unit is oil-fired:
 $CGO \text{ (in MWh)} = GO \times 0.6;$ or
- C) If the unit is neither coal-fired nor oil-fired:
 $CGO \text{ (in MWh)} = GO \times 0.4.$

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

- A) If the unit is coal-fired:
 $CUTE \text{ (in MWh)} = UTE \text{ (in mmBtu)} \times 0.2930;$
- B) If the unit is oil-fired:
 $CUTE \text{ (in MWh)} = UTE \text{ (in mmBtu)} \times 0.1758;$ or
- C) If the unit is neither coal-fired nor oil-fired:
 $CUTE \text{ (in MWh)} = UTE \text{ (in mmBtu)} \times 0.1172.$

- 3) The gross electrical output and useful thermal energy in subsections (d)(1) and (d)(2) of this Section for the control period in each year ~~willshall~~ be based on the best available data reported or available to the Agency for the ~~CAIR NO_x Ozone Seasonaffected~~ unit pursuant to the provisions of Section 225.550 ~~of this Subpart.~~

- 4) The Agency ~~willshall~~ determine a unit's un-prorated allocation (UA_y) using the unit's converted gross electrical output plus the unit's converted useful thermal energy, if any, calculated in subsections (d)(1) and (d)(2) of this Section, converted to approximate NO_x tons (the unit's un-prorated allocation), as follows:

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

Where:

- UA_y = un-prorated allocation to a new CAIR NO_x Ozone Seasonaffected unit.
- TCGO_y = total converted gross electrical output for a new CAIR NO_x Ozone Seasonaffected unit.

- 5) The Agency willshall allocate CAIR NO_x Ozone Season allowances from the NUSA to new CAIR NO_x Ozone Seasonaffected units as follows:
 - A) If the NUSA for the control period for which CAIR NO_x 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_x Ozone Season allowances less than the total un-prorated allocation to all new CAIR NO_x Ozone Seasonaffected units requesting allocations, the Agency willshall allocate the available allowances for new CAIR NO_x 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, ~~the~~such 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 tounder 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_x 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_x 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_x 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_x 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_x Ozone~~
3223 ~~Season~~~~affected~~ unit [willshall](#) continue to receive CAIR NO_x Ozone Season
3224 allowances from the NUSA according to this Section until the unit is eligible to
3225 use the CAIR NO_x 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_x Ozone Season allowances remain in
3230 the NUSA for the control period, the Agency [willshall](#), at a minimum, accrue
3231 those CAIR NO_x Ozone Season allowances for future control period allocations to
3232 new ~~CAIR NO_x Ozone Season~~~~affected~~ units. The Agency may from time to time
3233 elect to retire CAIR NO_x 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_x 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_x Ozone Season~~affected~~ unit that is a cogeneration unit by
 3253 January 1, 2007, or by the date the CAIR NO_x Ozone Season~~affected~~ unit
 3254 commences to produce useful thermal energy, whichever is later, the owner or
 3255 operator of a CAIR NO_x Ozone Season~~affected~~ unit with cogeneration
 3256 capabilities mustshall 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 aCAIR NO_x 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,~~ mustshall 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_x Ozone Season~~affected~~ unit ceases to produce useful thermal energy,
 3265 the owner or operator may cease operation of these se meters, provided that
 3266 operation of such meters mustshall be resumed if the CAIR NO_x Ozone
 3267 Season~~affected~~ unit resumes production of useful thermal energy.
 3268
- 3269 c) ~~By September 30, 2006,~~ tThe owner or operator of a CAIR NO_x Ozone Season~~an~~
 3270 affected unit mustshall 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 mustshall also be
 3279 submitted. If heat input data is used, the owner or operator mustshall
 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_x Ozone Season~~affected~~ unit mustshall 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_x 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_x 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_x 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_x 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_x 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_x 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_x 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_x allowances that it received pursuant to its CASA request or an equivalent number of CAIR NO_x allowances to the CASA within six months of receipt of an

3344 Agency ~~notice that NO_x 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_x 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_x 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_x 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_x 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_x burners, overfired
3441 air techniques, gas reburning techniques, flue gas conditioning techniques
3442 for the control of NO_x 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 (e)
3458 of this Section shall not include:
3459
- 3460 1) Nuclear 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 SO₂ or NO_x, 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. TheSuch 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_x 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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Where:

A = The number of allowances for a particular project.
MWh_c = 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:

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

Where:

A = The number of allowances for a particular project
MWh_g = 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:

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

Where:

A = The number of allowances for a particular project.
MWh_g = 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:

$$A = (MWh_g) \times 0.10 \times (ER_b \text{ lb/MWh} - ER_a \text{ lb/MWh}) / 2000 \text{ lb}$$

Where:

A = The number of allowances for a particular project.
MWh_g = The number of MWhmegawatt hour of electricity generated during a control period by a project.

3574 ER_B = Average NO_x 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_B 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_B 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_A = Average NO_x 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
$$A = (MWh_g) \times (1.0 \text{ lb/MWh} - ER \text{ lb/MWh}) / 2000 \text{ lb}$$

3599
 3600 Where:

3601
 3602 A = The number of allowances for a particular project.
 3603 MWh_g = The number of megawatt hours of electricity
 3604 generated during a control period by a project.
 3605 ER = Average NO_x 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
 - 3636 2) Fluidized bed coal combustion projects, highly efficient power generation
3637 operations projects, or renewable energy emission units, which
3638 commenced construction on or after January 1, 2001; and
3639
 - 3640 3) All other projects on or after July 1, 2006.
3641
- 3642 b) Beginning with the 2009 control period and each control period thereafter, a
3643 project sponsor may request allowances from the CASA. The application must be
3644 submitted to the Agency by May 1 of the control period for which the allowances
3645 are being requested.
3646
- 3647 c) The allocation willshall be based on the electricity conserved or generated in the
3648 control period preceding the calendar year in which the application is submitted.
3649 To apply for a CAIR NO_x allocation from the CASA, project sponsors must
3650 provide the Agency with the following information:
3651
- 3652 1) Identification of the project sponsor, including name, address, type of
3653 organization, certification that the project sponsor has met the definition of
3654 “project sponsor” as set forth in Section 225.130, and name(s) of the
3655 principals or corporate officials.
3656
 - 3657 2) The number of the CAIR NO_x general or compliance account for the
3658 project and the name of the associated CAIR account representative.
3659
 - 3660 3) A description of the project or projects, location, the role of the project
3661 sponsor in the projects, and a general explanation of how the amount of
3662 energy conserved or generated was measured, verified, and calculated, and
3663 the number of allowances requested ~~and the~~ with the supporting
3664 calculations. The number of allowances requested willshall be calculated
3665 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_x 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_x 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 shall~~ determine the number of CAIR NO_x allowances that
3761 are approvable based on the formulas and the criteria for such projects.
3762 The Agency ~~will shall~~ 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_x allowances requested for approved
3768 projects is less than or equal to the number of CAIR NO_x allowances in
3769 the CASA project category, the number of allowances that are approved
3770 shall be allocated to each CAIR NO_x compliance or general account.
3771
- 3772 3) If more CAIR NO_x allowances are requested than the number of CAIR
3773 NO_x allowances in a given CASA project category, allowances ~~will shall~~
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_x allowances ~~will shall~~ be allocated, transferred,
3777 or used as whole allowances. The number of whole allowances ~~will shall~~
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_x
3783 allowances not allocated to a CASA project for the control period:
3784
- 3785 1) The remaining allowances ~~will accrue~~ 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_x~~
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 ₂ , NO _x Annual and NO _x 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 SO₂, NO_x Annual and NO_x 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_x compliance account" has been amended to reflect the federal term "compliance account" and to reflect both the annual NO_x and NO_x ozone season trading programs.

- C) The definition for “coal-fired” has been amended to reflect the difference between the definition for the NO_x and the SO₂ 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 SO₂ trading program, a clarification be made as to the value of an allowance. For the CAIR SO₂ 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 SO₂ trading program a clarification has been made as to the value of an allowance. For the CAIR SO₂ 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 SO₂ 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_x 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_x 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_x 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_x units or CAIR NO_x 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
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