

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 POST-HEARING COMMENTS OF THE ILLINOIS ENVIRONMENTAL PROTECTION AGENCY, 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: January 5, 2007

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

**THIS FILING IS SUBMITTED
ON RECYCLED PAPER**

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

IN THE MATTER OF:)
)
PROPOSED NEW CAIR SO₂, 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)

**POST-HEARING COMMENTS OF ILLINOIS ENVIRONMENTAL
PROTECTION AGENCY**

NOW COMES the ILLINOIS ENVIRONMENTAL PROTECTION AGENCY (Illinois EPA), by its attorneys, and hereby submits post-hearing comments in the above rulemaking proceeding. Illinois EPA appreciates the efforts of the Illinois Pollution Control Board (Board) in this rulemaking regarding Illinois EPA's proposed new Part 225, Subparts A, C, D and E to the Board's air pollution control regulations (35 Ill. Adm. Code 225). The purpose of this proposal is to reduce intra- and interstate transport of sulfur dioxide (SO₂) and nitrogen oxides (NO_x) emissions from fossil fuel-fired electric generating units (affected units), on an annual basis (January 1 through December 31) and on an ozone season basis (May 1 through September 30) of each calendar year, through the adoption of the Clean Air Interstate Rule (CAIR) SO₂ trading program, the CAIR NO_x Annual trading program and the CAIR NO_x Ozone Season trading program that establish retirement ratios for SO₂ allowances established under the CAIR and specific allocations for NO_x allowances.

Illinois EPA engaged in extensive outreach on this proposal and held regular meetings with representatives of the affected sources and public interest groups during the months of January and February 2006. The proposal is intended to satisfy Illinois' obligations under the

United States Environmental Protection Agency's (USEPA) Rule to Reduce Interstate Transport of Fine Particulate Matter and Ozone; Revisions to Acid Rain Program; Revisions to the NO_x SIP Call (CAIR), 70 *Fed. Reg.* 25162 (May 12, 2005). *See*, Exhibit A of Illinois EPA's rulemaking proposal. The proposed new part also is intended to address, in part, Illinois EPA's obligation to meet certain requirements under the federal Clean Air Act, 42 U.S.C. § 7401 *et seq.* (CAA). These requirements include Part D, Subpart 1 of the CAA, adoption of control strategies necessary to demonstrate attainment of the fine particulate matter (PM_{2.5}) and 8-hour ozone National Ambient Air Quality Standards (NAAQS) in the greater Chicago moderate nonattainment area and the Metro East/St. Louis moderate nonattainment area; Part D, Subpart 2 of the CAA, adoption of control strategies necessary to demonstrate attainment of 8-hour ozone NAAQS for the greater Chicago nonattainment area and Metro East/St. Louis nonattainment area; Section 169A, the adoption an implementation plan addressing visibility; and Section 110(a)(2)(D) of the CAA, adoption of a State Implementation Plan (SIP) addressing interstate transport of air pollution.

Although the testimony elicited and evidence submitted to date in this proceeding reflects agreement of all parties on a number of issues, some of the regulated sources do not agree with Illinois EPA's approach for allocations based on gross electrical output or the amount of the set-asides. Indeed, the representatives of the power plants do not necessarily agree amongst themselves as to whether allowances should be allocated on heat input or gross electrical output or the amount of the set-asides. Also, although the participating environmental interest groups are generally supportive of the proposed rulemaking, they do not agree with the inclusion of the fluidized bed boilers in the Clean Air Set-Aside (CASA).

Illinois EPA witnesses testified and provided evidence in support of the proposed rulemaking at the first hearing that was held in Springfield on October 10, 2006 through October 12, 2006. In addition, prior to the second hearing, Illinois EPA filed a motion to amend rulemaking based on comments made at the first hearing and discussions with USEPA. At the second hearing that was held in Chicago on November 28 through November 30, 2006, opponents and supporters of the proposal had an opportunity to present testimony. Only five witnesses testified and they offered few specific suggestions for amendment to the proposal. After the second hearing, Dynegy Midwest Generation, Inc., Midwest Generation, LLC, and Southern Illinois Power Cooperative filed a motion to dismiss Illinois EPA's proposal. As stated in Illinois EPA's response, the motion attacking the Board's jurisdiction was untimely and unsupported by provisions in the Illinois Environmental Protection Act. Illinois EPA urges the Board to deny the motion and proceed to First Notice on this proposal.

In addition, Illinois EPA and Midwest Generation, LLC (Midwest Generation) are jointly submitting a comment that describes and proposes the Combined Pollutant Standards (CPS) that provides compliance flexibility for the mercury emissions reduction requirements in R06-25 (35 Ill. Adm. Code 225 Subpart B) in exchange for significant reductions in NO_x and SO₂ emissions. The CPS, like the multi-pollutant standard (MPS) included in R06-25, are voluntary provisions that allow for additional compliance flexibility. The Board may revise proposed regulations before going to First Notice upon its own motion or in response to suggestions made at hearing and written comments made prior to second notice. 35 Ill. Adm. Code 102.600. Further, as these provisions are similar in scope to those provided for other affected entities, Illinois EPA urges the Board to move forward without scheduling a third hearing and include in the First Notice the amendatory language changes filed in Illinois EPA's Motion to Amend Rulemaking,

Illinois EPA's Reply to Response to Motion to Amend Rulemaking, its post-hearing comments, and the joint comment regarding proposed amendatory CPS provisions.

The post-hearing comments of Illinois EPA are two-fold: the comments summarize the hearing testimony and address issues raised by the Board and interested parties in pleadings. The areas of coverage are: fuel weighting, CASA, fluidized bed boilers, and air quality monitoring. The comments also address some questions asked on the record and some comments made by USEPA. Attached to these comments are suggested amendments to Illinois EPA's regulatory proposal that incorporate the above changes.

Fuel Weighting

Illinois EPA maintains its position that fuel-weighting as proposed is appropriate. As testified to at hearing coal-fired units bear the greatest burden to achieve emission reductions under CAIR. (Rory Davis testimony on October 11, 2006 pm at 127-129.) This is also the reason stated by the USEPA for not employing a fuel neutral allocation methodology in the CAIR model rule. The predominant sources of both NO_x and SO₂ emissions in Illinois are from Illinois' large fleet of coal-fired power plants. These sources likewise have higher emission rates for both pollutants, and, therefore, reductions at these sources will provide the greatest benefits. The more feasible controlling these emissions are under the proposed rule, the more likely they are to be controlled. Furthermore, Illinois EPA's economic analysis that found its NO_x policy to be economically reasonable based upon the proposed fuel-weighting allocation methodology. Deviation from this allocation methodology would correspondingly impact the economic analysis performed and relied upon for the proposed rule. The fuel weighting factors in the Illinois proposal are identical to the CAIR model rule and reflect different burdens to control emissions (Exhibit A, Final Rule 05/12/05 – p.25231 & 25280).

Jason Goodwin testified on behalf of Zion Energy LLC (Zion) that the proposed regulation be amended to employ a fuel neutral allocation methodology for CAIR NO_x allowances. Mr. Goodwin stated that “turbine units will barely receive enough allowances to cover expected emissions.” (Goodwin at 7 of pre-filed testimony.) His testimony indicates that compliance costs for turbine units in CAIR will be zero or very low. At hearing, Mr. Goodwin agreed with Ms. Bugel that additional allowances for Zion units would only provide “an additional surplus” of allowances for those units. (Goodwin testimony on November 28, 2006 at 91.) However, he indicated that in future years with higher output more allowance may be needed, but also admitted that in the proposed output-based allocation methodology, greater output from the Zion units would result in the units receiving a greater number of allowances proportional to the increased output.

Mr. Goodwin’s concern stems from his analysis that should a unit need a greater number of allowances, Zion gas turbines do not have a cost-effective option for installation of additional emission controls. His testimony provided an analysis of why selective catalytic reduction (SCR) is not a cost effective measure for NO_x control on gas-fired turbines. Illinois EPA agrees that SCR for many gas-fired turbines is not a reasonable approach for compliance with CAIR. As stated above, and included in Mr. Goodwin’s testimony, an analysis found that the gas-fired turbines generally will not require SCR to comply with CAIR. This is supported by Mr. Goodwin’s assessment that Zion’s turbines would not require further NO_x reductions, and that these units should be compliant with CAIR as it is proposed without the purchase of additional allowances.

CASA

1. Pro-rata allocation of allowances from the CASA

During drafting of the rule, Illinois EPA explored a number of allocation schemes with key goals of equality for applicants as well as ease of implementation for Illinois EPA. Pro rata allocation was ultimately felt to best serve those purposes by proportionately sharing among all eligible. Additionally, fixed portion schemes would be particularly problematic for Illinois EPA to implement because Illinois' CASA allocation scheme is specifically based on the number of electricity hours generated or conserved, which will vary each and every year. Therefore, the rule could not simply offer a fixed number of allowances.

Dr. Gregory Kunkel, representing the interests of Christian County Generation, stated in his pre-filed testimony that he "generally supports Illinois EPA's judgment in the CAIR framework to allocate NO_x allowances in a way that benefits the people of Illinois." (Kunkel at 4 of pre-filed testimony.) While being generally supportive, Dr. Kunkel suggests an alteration to the proposed rule that would "eliminate pro-rata reduction of CASA allocations for early adopters." (Kunkel at 6 of pre-filed testimony.) He explains that the major reason for this change would be to reduce the uncertainty in allocations introduced by a pro-rata allotment.

A question was posed to Dr. Kunkel about what alternative method he suggested, to which he responded that "...it might be on a first come first serve basis..." (Kunkel testimony on November 28, 2006 at 156.) That scheme is viewed by Illinois EPA as unfair, and was also recognized by Dr. Kunkel's own testimony that "It would be a benefit to the earliest and less beneficial to later entries." (Kunkel testimony on November 28, 2006 at 157.)

While Illinois EPA greatly appreciates Dr. Kunkel's concern from a business point of view, the lack of an acceptable alternative requires Illinois EPA to advise the Board to adopt those relevant portions of the rule as currently drafted. Illinois EPA views the current scheme as

a middle ground approach which will indiscriminately allow a portion of the CASA to all those eligible, and at the same time is able to be implemented by Illinois EPA's limited resources.

2. Size of the CASA

The 30% set-aside issue has been discussed at length numerous times throughout this rule making. Ultimately, USEPA left the authority to the individual States to distribute their allocations as necessary to meet their own State's individual goals. Illinois has chosen to carve a set-aside away from the main pool to provide incentive to various other areas to promote Illinois' interests (e.g., pollution control upgrades for cleaner air, integrated gasification combined cycle (IGCC) for cleaner generation, energy efficiency/renewable energy (EE/RE) efforts for zero emission generation, and a small pool to undertake these projects early on) whose individual contributions benefit the environment. Additionally, each of those project categories assists Illinois EPA in their duty to attain the National Ambient Air Quality Standards (NAAQS). Lastly, Illinois EPA hired outside consultants to perform a financial analysis of the impact, under the worst-case scenario that the 30% set-aside was effectively retired. (TSD at 7.1 and TSD. Ref. 33.) The results showed that relying solely on a 70% main pool, the reliability of the grid was intact and residential and commercial electric rates would not be greatly impacted, especially in light of all the other benefits this program could provide. Considering the many positive impacts for Illinois with no concomitant detriment posed by Illinois EPA's choice for a 30% set-aside, Illinois EPA advises the Board to adopt those relevant portions of the rule as currently drafted.

C.J.. Saladino, representing the interests of Kincaid Generation, testified that a 30% set-aside is too great and that the proposal penalizes Kincaid station for having already installed the best available technology (i.e., SCR). (Saladino at 13 of pre-filed testimony.)

Illinois EPA believes that the CAIR proposal does not penalize the Kincaid station for already installing SCRs and that Mr. Saladino's conclusion is unfounded for several reasons:

- 1) With regards to the Pollution Control Upgrade category, it was Illinois EPA's goal in drafting and proposing the rule to reasonably maximize the impact for future emissions reductions here in Illinois, not to create a program to reward those entities that would already be utilizing emission controls that they had already installed. To provide incentives for controls already installed would greatly diminish the incentive for new controls across the State.
- 2) Kincaid is not the only facility in the State that has already installed controls for various reasons that are now ineligible for CASA allowances. There are 14 units controlled by SCR/selective non-catalytic reduction (SNCR), one unit controlled by baghouse, and five units controlled by flue gas desulfurization (FGD) that are ineligible for CASA. Again, as discussed above, the goal was to provide as large an incentive possible to attract new controls by subsidizing the large installation costs and not the much smaller operational costs. (Saladino at 52 of the transcript.)
- 3) As discussed in Mr. Saladino's pre-filed testimony, the installation of the SCRs in 2002 "...was certainly a business decision..." (Saladino at 7 of pre-filed testimony.) This decision was a voluntary choice that Kincaid utilized for compliance with the NOx SIP Call, done without the benefit of knowing that one day CASA allowances may be available. In fact, the program at the time provided its own set of incentives to install controls. Mr. Saladino briefly discusses that point in his pre-filed testimony as well, stating that the installation of the SCRs was "brought about in part by the incentives presented by the early reduction credits available under Part 217.770 of the Subpart W rules." Kincaid has already received credit to assist in recovering installation costs for their SCRs, therefore no further benefit is required. Fortuitously, the installation of the SCRs places Kincaid in a very comfortable position for compliance. Other units will have to perform their own analysis to determine their best paths forward; Illinois EPA hopes they will consider control as an option due to the available CASA incentives.
- 4) The notion, as mentioned in Mr. Saladino's testimony, that Kincaid is penalized for already installing SCR controls is without basis. The reality is that there are an innumerable number of projects Kincaid may choose to sponsor or participate in to earn allowances. (Saladino at 13 of pre-filed testimony.) By design, the CASA was structured such that an existing electric generating unit (EGU) could participate in every CASA category. Thus, the fact that Kincaid, as well as numerous other units, have already installed controls is no penalty at all.

On the other hand, Charles Kubert's recommended that Illinois EPA increase their RE/EE set-asides for the purpose of "being consistent with the policy goals and policy targets" set forth in the Governor Blagojevich's Sustainable Energy Plan. (Transcript on November 29, 2006, at 138.) According to Mr. Kubert, who testified on behalf of the Environmental Law and Policy Center, increasing the Illinois CAIR RE/EE set-aside from 12 percent to 15.4 percent would provide enough allowances to reach the Governor's Sustainable Energy Plan goal of having eight percent of the electricity provided to Illinois consumers come from renewable energy sources by 2012. (See generally, Kubert testimony and pre-filed testimony.)

Both the Governor's Sustainable Energy Plan and the allocation methodology proposed in the Illinois CAIR encourage renewable energy and energy efficiency; however, they are mutually exclusive programs. It was never the intent of Illinois EPA to set its RE/EE allocations predicated on the policy goals of the Governor's Sustainable Energy Plan. Illinois EPA agrees with Mr. Kubert's statement that "both the set-aside allowances and other legislation, such as RPS [Renewable Portfolio Standard], are complimentary to one another and both further the same goal." However, Illinois EPA is not the agency responsible for implementing the renewable portfolio standard of the Governor's plan, which was clarified in testimony and acknowledged by Mr. Kubert. (Kubert testimony on November 29, 2006 at 189 and 191.)

It should also be recognized that because of the scheme for allocating allowances from the CASA, allowances approaching the 15.4 percent that Mr. Kubert is recommending may, in fact, be available if there is under-subscription in other CASA categories. The unused allocations in these under-subscribed categories may become eligible for approved RE/EE projects, thereby exceeding the 12 percent initial design value.

3. Over-Fired Air

Illinois EPA continues to take the position that over-fired air (OFA) projects should be excluded from receiving allowances from the CASA. The primary purpose of the CASA, with respect to the pollution control upgrade category, was to defray costs and thereby reduce the main barrier (i.e., the typically large capital cost) in order to promote a few selected project types that are comparatively much more expensive than OFA and advanced OFA. The main reason cited by many companies for not installing controls is the large capital costs, and to a lesser degree the generally smaller ongoing operating and maintenance costs. Illinois EPA also took into account that the more costly controls generally result in the greatest reductions in emissions.

Careful consideration was given to which project types would be eligible for CASA allowances during the regulatory development phase. It was determined that neither standard OFA nor advanced OFA should be an eligible project for the CASA for several reasons, including:

- 1) Standard OFA was expected to be a common NO_x control employed by sources under the model CAIR trading program due to its low costs. There is no evidence that advanced OFA would result in significantly higher costs than standard OFA, therefore it is likely that many units would be installing that control technology even without CASA incentives. Therefore, there is no need to provide any further incentive through the CASA since the normal aspects of the trading program, which already provides an appropriate incentive for these controls, should result in widespread use of OFA and advanced OFA. Furthermore, allocating CASA allowances to low cost NO_x controls such as OFA could simply result in the company receiving allowances worth more than the costs of the controls themselves and thus such allowances could then be sold for a profit. Illinois EPA believes that the emissions reductions would likely not be as large as those achieved if more costly controls were instead installed. In addition, because the advanced OFA control would likely have been installed without CASA incentives, the net effect to the trading program would be that fewer allowances are available for the intended purpose of the CASA.
- 2) Allowing OFA or advanced OFA to be considered for allowances from the CASA could greatly reduce the available CASA allowances, and hence incentive, for sources to install the significantly more costly and typically more effective NO_x controls (i.e., SNCR and SCR). Ameren provided testimony stating that "...even advanced OFA has capital costs substantially less than an SNCR system."

(Menne pre-filed testimony at 5.) Note that SNCR has the lower capital costs among the eligible controls, namely SNCR, SCR, baghouses and scrubbers, whose costs can be tens of millions of dollars more than OFA controls. Any CASA allowances allocated to OFA or advanced OFA would be allowances that could not be allocated to offset much more costly controls and therefore reduce the likelihood of such controls being installed.

- 3) Enhancements to standard OFA can increase the control effectiveness and associated costs of OFA to result in what Ameren considers advanced OFA. The same argument can be made that enhancements to SNCR and SCR could be made and result in advanced SNCR and SCR. For example, at an increased cost, SNCR effectiveness can be increased by implementing Rich Reagent Injection (RRI) or any other enhancement. In any circumstance where enhancements are made, whether it be for standard OFA or SNCR, the associated costs would also correspondingly increase. An argument stating that the costs and control effectiveness of advanced OFA would increase into the range of a higher cost control such as SNCR due to enhancements, would need to also consider the increased costs and effectiveness of enhancements that could be applied to SNCR from RRI. Advanced OFA cannot be considered in the same costs range or control effectiveness as SNCR and SCR based on the limited amount of data supplied by Ameren. In fact, the available information indicates that even advanced OFA is relatively low in costs and therefore not in need of a CASA incentive.

Fluidized Bed Combustion Boiler Policy

During the first hearing, Illinois EPA stated it was reviewing its policy on allowing fluidized bed combustion (FBC) boilers to receive CASA allowances in the clean coal technology category. After further review, Illinois EPA has concluded that it is appropriate to continue to allow Illinois' single existing FBC boiler to receive CASA allowances; however, it is not appropriate to allow any future FBC boilers to receive CASA allowances. The rationale for this determination is provided below.

There are currently 59 coal-fired boilers in Illinois affected by CAIR. Of these 59, only one is an FBC boiler, namely the SIPCO 123 boiler in Marion, Illinois. This boiler was constructed more recently in 2001 and began operation in 2003. At the time of construction, FBC was considered a more current technology for utility boilers, while the 58 other boilers in

Illinois are older units, some by as much as 50 years or more, and are all pulverized coal combustion (PCC) boilers and cyclone-fired boilers (which burn crushed coal).

The SIPCO boiler 123 is approximately 120 MW in size, fires predominantly Illinois coal, and is a circulating FBC boiler with limestone injection and add-on controls consisting of an SNCR and baghouse. The SIPCO FBC boiler had an average annual (2003 to 2005) NO_x emission rate of 0.10 lbs/mmbtu, which is lower than the system-wide NO_x emission rates for any of the other boilers in Illinois. It is believed that this NO_x emission rate was achieved with only part-time operation of the SNCR for NO_x control. The NO_x emission rate from SIPCO boiler 123 has reached as low as 0.06 lbs/mmbtu during the 3rd quarter of 2005. For SO₂, the FBC boiler had an average annual (2003 to 2005) NO_x emission rate of 0.47 lbs/mmbtu, which likewise is lower than the system-wide SO₂ emission rates for any of the other boilers in Illinois. These emission rates could be lower should SIPCO decide to more fully utilize the NO_x controls currently in place or install additional controls for NO_x and SO₂ on the FBC boiler.

Allowing SIPCO to receive CASA allowances is believed to help accomplish several environmentally beneficial goals, including the following:

- 1) Recognize the lower NO_x and SO₂ emissions that originate from this FBC boiler as compared to other existing boilers.
- 2) Provide an incentive for SIPCO to reduce NO_x emissions as much as possible in order to allow them to obtain as many CASA allowances as possible since the amount of CASA allowances received is proportional to the amount of NO_x emitted, i.e., the lower the NO_x emissions the more CASA allowances they are eligible to receive.

Note that the allowances will be available for the SIPCO boiler for as long as the boiler is operating.

Illinois EPA believes that going forward the CASA clean coal technology category should focus on the most promising technology, i.e., IGCC. IGCC facilities are capable of much

lower emissions than FBC boilers. Therefore, Illinois EPA has determined that future FBC boilers should not be allowed to receive CASA allowances. Of note is that only recently have IGCC facilities been recognized and accepted as commercially viable. Such facilities were considered less so during the decision making process that accompanied the installation of the SIPCO 123 boiler and CAIR rule development process. Evidence of IGCC acceptability can be found in an increase in the recent number of IGCC applications for permits nationwide.

1. FBC Boiler Emissions

Uncontrolled emissions of both NO_x and SO₂ from FBC boilers are lower than those from other boilers. This is confirmed by a review of the preeminent source for emission factors, USEPA AP-42 (Reference: USEPA AP-42, 9/98, Section 1.1 Bituminous and Subbituminous Coal Combustion). (Agency Hearing Ex. 18.) The factor provided by AP-42 for uncontrolled NO_x from a FBC boiler is 5 lbs/ton whereas for other boiler types the factor ranges from 7.2 to 33 lbs/ton. Obviously, uncontrolled emissions of NO_x can be much higher from a non-FBC boiler. A similar situation exists for SO₂, although it is not as straightforward of an emissions factor. Instead, AP-42 states that SO₂ emissions from FBC boilers are a function of fuel sulfur content and the calcium-to-sulfur ratio.

The emissions from coal-fired boilers are dependent upon many parameters, including boiler type, coal type, and installed pollution control devices. The common starting point for estimating the emissions from coal-fired boilers, like all units, is the uncontrolled emissions rate. Using uncontrolled emissions allows a like comparison (e.g., apples to apples) for the different type of boilers (PCC tangential-fired, PCC wall-fired, cyclone-fired, FBC and IGCC) and coal types, regardless of what type of control devices are installed. Next, the actual emissions rates are typically determined in order to assess the emissions after the installation of any emissions

control devices and techniques. A wide variety of emission control devices and techniques exist for NO_x and SO₂ control from coal-fired boilers, including dry scrubber, wet scrubber, baghouse with lime injection, SCR, SNCR, SNCR with RRI, staged combustion air, OFA, and low NO_x burners. The effectiveness of controls is measured by the percent reduction in emissions they are able to achieve, or their control efficiency.

The actual emission rate is determined by reducing the uncontrolled emissions rate by the control effectiveness. For example, a boiler that has 100 tons/yr of uncontrolled SO₂ and has a scrubber installed that reduces the uncontrolled SO₂ emissions by 90% will have actual emissions of 10 tons/yr of SO₂, which is the result of reducing 100 tons/yr by 90%. Obviously, a boiler that has lower uncontrolled emissions of 50 tons/yr of SO₂ will have even lower SO₂ emissions given the same scrubber control, i.e., 50 tons/yr reduced by 90% is only 5 tons/yr.

Since there are a wide variety of control devices and techniques available, many boilers are capable of reducing both their NO_x and SO₂ emissions by a large percentage, limited perhaps primarily to the amount of money they are able and/or willing to spend on controls and other control techniques. For example, should a company with an FBC boiler wish to reduce NO_x and SO₂ emissions by a large percentage they could switch to a lower sulfur coal, install and optimally operate an SNCR year round, and install a dry scrubber.

Using permitted emissions, actual emissions, or controlled emissions to analyze the impact boiler type has on emissions will not necessarily provide an accurate assessment since it is likely only measuring the level of control a particular boiler type has installed. A more accurate measure to determine if one type of boiler is “cleaner” than another is to compare the uncontrolled emission rate, thereby comparing “apples to apples.” Likewise, concluding that a specific non-FBC (e.g., PCC or cyclone boiler) is “cleaner,” or less polluting, than an FBC boiler

because its emission limits in a permit (or permitted emissions) are lower than a specific existing FBC boiler's actual emissions is also flawed in that one needs to know how the permitted emissions were obtained. If they are based on estimated actual emissions from the non-FBC boiler, then one of the primary factors in estimating these emissions is the control used by the non-FBC boiler. Given equal control and coal type, the FBC boiler would likely achieve lower emissions based on the lower uncontrolled emissions needed to be reduced. If the owner/operator of the non-FBC boiler installs controls able to achieve a higher percent reduction than those installed on the FBC boiler then the actual and permitted emissions may in fact be below those of the FBC boiler. However, if the same level of control was also installed on the FBC boiler then the emissions would likely be even lower than those of the non-FBC boiler. This is based on the fact that starting with lower emissions often allows one to reduce to a lower final emission rate.

For example, a PCC boiler controlled by a scrubber and SCR may have permitted emissions lower than a FBC boiler that does not have any controls, but that does not mean the PCC boiler itself is a cleaner unit. If the FBC boiler were to install a similar scrubber and an SNCR and all other parameters were kept similar, its emissions of SO₂ and NO_x would likely be lower than those from the PCC boiler. Given equal operating parameters, the FBC boiler has lower emissions of regulated pollutants than those from a PCC boiler.

Even if some companies with PCC and cyclone boilers have agreed to lower permitted rates of NO_x and SO₂ than similarly sized and fired FBC boilers, it does not necessarily follow that those non-FBC boilers have lower emissions and are capable of achieving lower emissions than the FBC boilers. This may not be the case for several reasons, including those previously mentioned as well as the fact that companies have many different reasons for accepting emission

rates limits in permits. Companies will typically seek a permit limit of the highest emission rate that allows them to meet the applicable regulatory requirements and accomplish other goals. As a practical matter for plant operation, companies do not seek or accept as a permit limit the lowest level of emissions that can be achieved. Although there may be many non-FBC boilers permitted to emit lower amounts of NO_x and SO₂, this cannot reasonably lead to a conclusion that these boilers either emit or are capable of emitting lower NO_x and SO₂ emissions than comparable FBC boilers. The permitted emission rates in a FBC boiler permit may simply be based on the regulatory requirements while the boiler is actually achieving, or capable of achieving, a much lower emissions rate.

2. FBC Boilers And Green House Gases (GHG)

Although the scope of CAIR is on reducing the emissions of NO_x and SO₂, Illinois EPA conducted a review of the global warming impacts of utility FBC boilers as compared to PCC boilers. The analysis was based on currently available emission factors for greenhouse gases, and published factors which quantify the global warming potential for the major GHG pollutants. This analysis demonstrates that coal combustion in FBC boilers results in higher GHG impacts relative to PCC, mainly due to higher N₂O emissions from FBC. It is important to note that the carbon mass in the coal, which can vary by coal type, has a significant impact on the results. Regardless of the combustion process, more than 80% of the GHG emissions are in the form of CO₂. Ultimately, the fuel choice and its resulting carbon content may be a more important factor in determining the GHG impact than the choice of boiler type. The flexibility of FBC boilers to combust different types of fuel may yield a significant advantage over PCC in terms of GHG impacts. Unlike PCC, FBC boilers can more easily combust lower carbon content fuels (i.e. biomass) which can have lower carbon emissions (CO₂). Additionally, according to the National

Renewable Energy Laboratories, the use of biomass energy has the potential to greatly reduce GHG emissions. Burning fossil fuels releases CO₂ captured by photosynthesis millions of years ago—an essentially “new” GHG. Biomass, on the other hand, releases CO₂ that is largely balanced by the CO₂ captured in its own growth (Reference:

http://www.nrel.gov/learning/re_biomass.html).

Furthermore, recent research has emphasized that there is considerable uncertainty in establishing accurate N₂O emissions due to limited understanding of how fuels and operating conditions affect formation. Illinois EPA’s analysis is based on one method and set of assumptions for calculating global warming impacts from these combustion processes and should not be considered definitive. As additional research becomes available on GHG emissions from PCC and FBC processes, hopefully a more conclusive determination can be made of the quantity of their GHG emissions and their potential to impact climate change.

According to the U.S. Department of Energy, optimum configurations of second-generation pressurized fluidized bed combustion boilers with fuel cells and CO₂ sequestration options are being developed. These second generation pressurized FBC boilers will have even lower SO₂ and NO_x emissions. (Reference: Program Facts, U.S. Department of Energy, National Energy Technology Laboratory, 11/2000.)

3. Revision of CASA Equation for Clean Fluidized Bed Coal Combustion

Illinois EPA has determined that it is appropriate to revise the allocation method in the proposed in Sections 225.465(b)(5)(B) and 225.565(b)(5)(B) relating to allocating CASA allowances to clean coal technology projects. The basis for this determination is that SIPCO directly measures its emission rate in pound per megawatt (lb/MW) rather than converting from pound per million Btu (lb/mmBtu). Illinois EPA had previously performed an estimate using

data available from USEPA's Clean Air Market Division (CAMD), which does not report the direct measurement that SIPCO performs and therefore was less accurate than the direct measurement.

The proposed revision will not result in a significant change for the CASA allowance distribution; instead, it will result in a status quo CASA allowance distribution as compared to Illinois EPA's prior estimate. The proposed revision will include new subsections in Sections 225.465(b)(5)(B) and 225.565(b)(5)(B). Subsection (b)(5)(B) will include an equation similar in all respects to the prior method with the exception of a factor change from 1.0 to 1.4. The factor change will compensate for SIPCO's direct measurements and provide the same level of incentive that Illinois EPA was previously attempting to achieve.

Air Quality Modeling

Illinois EPA summarized USEPA's modeling results in the Technical Support Document (TSD), which were originally presented by USEPA in a March 2005 document entitled: "Technical Support Document for the Final Clean Air Interstate Rule – Air Quality Modeling." Illinois EPA presented USEPA's modeling showing that NO_x and SO₂ reductions from power plants are effective in reducing ozone and PM_{2.5} concentrations in downwind nonattainment areas, but that CAIR would not provide sufficient emission reductions, even in Phase II, to allow the Chicago nonattainment area to attain either the ozone or PM_{2.5} standards. (TSD at 35.) The implication from USEPA's modeling is clearly that Illinois must seek additional emission reductions, either locally or regionally, to achieve attainment of the air quality standards.

Illinois EPA's TSD also presented the results of ongoing modeling analyses performed by the Lake Michigan Air Directors Consortium (LADCO). LADCO's modeling results, presented in Table 3-5 of the TSD, clearly indicate the emission reduction targets needed for

both ozone and PM_{2.5} attainment. Based on LADCO's modeling, local VOC reductions of approximately 75% are needed for Chicago to attain the ozone standard, assuming that no additional reductions are achieved regionally beyond those provided by CAIR. Illinois EPA does not posit that such reductions are technically or economically reasonable. When regional NO_x and SO₂ reductions are assumed, the modeling indicates that the emission reduction burden in the nonattainment area is lessened.

Mr. Saladino recommended that Illinois EPA conduct a "modeling demonstration to determine the level of reductions that may be necessary to resolve any residual nonattainment problems following implementation of the CAIR reductions." (Saladino at 4 and 5 of pre-filed testimony.) However, the TSD submitted by Illinois EPA to the Board in this rulemaking presented the results of two such modeling studies that address the issues raised by Mr. Saladino. Thus, Illinois EPA has already presented the type of modeling otherwise suggested by Mr. Saladino.

Responses to Questions Raised at Hearing

- a. Question: Section 225.455(b) concerns consequences for a finding of noncompliance. Who makes these findings?

Illinois EPA Response: Illinois EPA will issue the notice referenced in Section 225.455(b) upon receipt of information, e.g., self-reporting from a regulated facility, that warrants the issuance of the notice.

- b. Question: Section 225.460(d)(2) concerns projects that are not eligible to receive CASA allowances. One type of project that will not be eligible is one that is required to meet emission standards or technology requirements under State or federal law or regulation. How will Illinois EPA determine whether a project is required to meet a State or federal law or regulations?

Illinois EPA Response: Illinois EPA will make such a determination in a manner consistent with all such situations. Illinois EPA routinely determines whether an activity is subject to compliance with a law or regulation that is administered or overseen by Illinois EPA. This determination may involve different members of Illinois EPA's staff, including but not limited to the compliance unit or legal counsel.

- c. Question: In the definition for project sponsor it mentions a written agreement. Who is the written agreement between?

Illinois EPA Response: The written agreement is between the entity providing the majority of the funding and the entity that is becoming the project sponsor.

- d. Question: Section 225.320 requires the submittal by the owner or operator of any supplemental information requested by Illinois EPA. What is the timing of the request for supplemental information?

Illinois EPA Response: Illinois EPA will send a letter requesting the additional information that includes the timeline for its submission.

- e. Question: Section 225.450 refers to the word system when addressing the requirements for gross electrical output monitoring. What is meant by the word "system"?

Illinois EPA Response: This issue was also raised in Midwest Generation's Response to Illinois EPA's Motion to Amend and was addressed by Illinois EPA in its Reply to that Motion.

- f. Question: Section 225.320 states that a CAIR permit will be issued pursuant to Section 39 or 39.5 of the Act. How will the owner or operator know which Section of the Act is applicable?

Illinois EPA Response: It will depend on the circumstances that are applicable to source or the unit. The owner or operator will make this determination before submitting the application. For example, new sources typically obtain first obtain construction permits pursuant to Section 39 of the Act and then obtain Clean Air Act Program Permits (CAAPP) pursuant to Section 39.5 of the Act.

- g. Question: The language in Section 405(b) is confusing.

Illinois EPA Response: USEPA had found the initial language included in the proposal unacceptable but has found the current language approvable.

8. Summary of Proposed Changes to the Proposal

- a. In the electronic version of the attached proposed changes to the regulatory proposal changes appear in red, blue, purple and green. Changes in red and blue type refer to proposals recommended in Illinois EPA's Motion to Amend the Rule. Changes in purple refer to

changes recommended in Illinois EPA's Rely to the Response to Amend the Rule. Changes in green refer to changes recently recommended by USEPA in a conference call with Illinois EPA staff on December 21, 2006.

b. USEPA recommended numerous conforming amendments. The three most significant amendments that it recommended concerned deleting subsection (d)(5)(C) in Sections 225.445 and 225.545 that required Illinois EPA to reduce a unit's allocation from the NUSA if it had been allocated excess allowances for the prior control period. Second, the definition for "CAIR Trading programs" was deleted because it was not used in the proposal. Third, the language concerning fractional allowances has been clarified to indicate that Illinois EPA can only allocate whole allowances and allowances that cannot be distributed on that basis will be retained and distributed pro-rata for the next control period.

Respectfully submitted,

ILLINOIS ENVIRONMENTAL
PROTECTION AGENCY

By: _____
Rachel L. Doctors
Assistant Counsel
Air Regulatory Unit
Division of Legal Counsel

DATED: January 5, 2007

1021 North Grand Avenue, East
P.O. Box 19276
Springfield, Illinois 62794-9276

217.782.5544
217.782.9807 (Fax)

1
2
3 **TITLE 35: ENVIRONMENTAL PROTECTION**
4 **SUBTITLE B: AIR POLLUTION**
5 **CHAPTER I: POLLUTION CONTROL BOARD**
6 **SUBCHAPTER c: EMISSION STANDARDS AND LIMITATIONS**
7 **FOR STATIONARY SOURCES**

8
9 **PART 225**
10 **CONTROL OF EMISSIONS FROM LARGE COMBUSTION SOURCES**

11 **SUBPART A: GENERAL PROVISIONS**

12
13
14 **Section**

15 225.100 Severability
16 225.120 Abbreviations and Acronyms
17 225.130 Definitions
18 225.140 Incorporations by Reference

19
20 **SUBPART C: CAIR SO₂ TRADING PROGRAM**

21
22 **Section**

23 225.300 Purpose
24 225.305 Applicability
25 225.310 Compliance Requirements
26 225.315 Appeal Procedures
27 225.320 Permit Requirements
28 225.325 Trading Program

29
30 **SUBPART D: CAIR NO_x ANNUAL TRADING PROGRAM**

31
32 **Section**

33 225.400 Purpose
34 225.405 Applicability
35 225.410 Compliance Requirements
36 225.415 Appeal Procedures
37 225.420 Permit Requirements
38 225.425 Annual Trading Budget
39 225.430 Timing for Annual Allocations
40 225.435 Methodology for Calculating Annual Allocations
41 225.440 Annual Allocations
42 225.445 New Unit Set-Aside (NUSA)
43 225.450 Monitoring, Recordkeeping and Reporting for Gross Electrical Output and Useful
44 Thermal Energy
45 225.455 Clean Air Set-Aside (CASA)
46 225.460 Energy Efficiency, Renewable Energy, and Clean Technology Projects

- 47 225.465 Clean Air Set-Aside (CASA) Allowances
- 48 225.470 Clean Air Set-Aside (CASA) Applications and Recordkeeping
- 49 225.475 Agency Action on Clean Air Set-Aside (CASA) Applications
- 50 225.480 Compliance Supplement Pool

51

52 **SUBPART E: CAIR NO_x OZONE SEASON TRADING PROGRAM**

53

54 **Section**

- 55 225.500 Purpose
- 56 225.505 Applicability
- 57 225.510 Compliance Requirements
- 58 225.515 Appeal Procedures
- 59 225.520 Permit Requirements
- 60 225.525 Trading Budget
- 61 225.530 Timing for Ozone Season Allocations
- 62 225.535 Methodology for Calculating Ozone Season Allocations
- 63 225.540 Ozone Season Allocations
- 64 225.545 New Unit Set-Aside (NUSA)
- 65 225.550 Monitoring, Recordkeeping and Reporting for Gross Electrical Output and Useful
66 Thermal Energy
- 67 225.555 Clean Air Set-Aside (CASA)
- 68 225.560 Energy Efficiency, Renewable Energy, and Clean Technology Projects
- 69 225.565 Clean Air Set-Aside (CASA) Allowances
- 70 225.570 Clean Air Set-Aside (CASA) Applications and Recordkeeping
- 71 225.575 Agency Action on Clean Air Set-Aside (CASA) Applications

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 R06-26—at Ill. Reg. , effective , 20067

77 .

78

79 **SUBPART A: GENERAL PROVISIONS**

80

81 Section 225.120 Severability

82

83 If any Section, subsection or clause of this Part is found invalid, ~~asueh~~ finding ~~willshall~~ 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 ~~willshall~~ 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 ~~, SO₂, and NO_x Ozone Season~~ general accounts, and ~~with regard to~~ for
135 the purpose of a CAIR NO_x compliance account, a CAIR SO₂ compliance Allowance
136 System 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 allocating allowances under Sections 225.435, 225.445,
169 225.535 and 225.545, Subparts B, D, and E, combusting any amount of
170 coal or coal-derived fuel, alone or in combination with any amount of any
171 other fuel, during a specified year; or

172
173 b) Except as provided in paragraph a) of this definition, For purposes of
174 Subpart C, combusting any amount of coal or coal-derived fuel, alone, or
175 in combination with any amount of any other fuel, during any year.

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

179
180 a) Having equipment used to produce electricity and useful thermal energy
181 for industrial, commercial, heating, or cooling purposes through the
182 sequential use of energy; and

183
184 b) Producing during the 12-month period starting on the date the unit first

185 produces electricity and during any calendar year after the calendar year in
186 which the unit first produces electricity:

- 187
- 188 1) For a topping-cycle cogeneration unit:
- 189
- 190 i) Useful thermal energy not less than 5 percent of total
191 energy output; and
- 192
- 193 ii) Useful power that, when added to one-half of useful
194 thermal energy produced, is not less than 42.5 percent of
195 total energy input, if useful thermal energy produced is 15
196 percent or more of total energy output, or not less than 45
197 percent of total energy input, if useful thermal energy
198 produced is less than 15 percent of total energy output.
- 199
- 200 2) For a bottoming-cycle cogeneration unit, useful power not less
201 than 45 percent of total energy input.
- 202

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

206

207 “Combustion turbine” means:

208

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

212

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

215

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

218

- 219 a) To have begun to produce steam, gas, or other heated medium used to
220 generate electricity for sale or use, including test generation, except as
221 provided in 40 CFR-§ 96.105, 96.205, or 96.305, as incorporated by
222 reference in Section 225.140 ~~of this Subpart~~.
- 223

- 224 1) For a unit that is ~~a CAIR SO₂ unit, CAIR NO_x unit, or a CAIR NO_x~~
225 ~~Ozone Season~~ ~~an-affected~~ unit ~~pursuant to under 40 CFR-§ 96.104,~~
226 ~~96.204 or 96.304~~ Sections 225.305, 225.405 and 225.505,
227 ~~respectively~~, on the date the unit commences commercial operation
228 on the later of November 15, 1990 or the date the unit commence
229 commercial operation as defined in paragraph (a) of this definition
230 and that subsequently undergoes a physical change (other than

231 replacement of the unit by a unit at the same source), such date
232 ~~will~~ remain the unit's date of commencement of commercial
233 operation, which ~~will~~ continue to be treated as the same unit.

234
235 2) For a unit that is ~~a CAIR SO₂ unit, CAIR NO_x unit, or a CAIR NO_x~~
236 ~~Ozone Season~~~~an-affected~~ unit ~~under-pursuant to 40 CFR § 96.104,~~
237 ~~96.204 or 96.304~~Sections 225.305, 225.405 and 225.505,
238 ~~respectively~~, on the later of November 15, 1990 or the date the unit
239 commences commercial operation as defined in paragraph (a) of
240 this definition and that is subsequently replaced by a unit at the
241 same source (e.g., repowered), such date ~~will~~ remain the
242 ~~replacement replaced~~ unit's date of commencement of commercial
243 operation, and the replacement ~~ment~~ unit ~~will~~ be treated as a
244 separate unit with a separate date for commencement of
245 commercial operation as defined in paragraphs (a) or (b) of this
246 definition as appropriate.

247
248 b) Notwithstanding paragraph (a) of this definition and except as provided in
249 40 CFR-§ 96.105, 96.205, or 96.305 for a unit that is not ~~a CAIR SO₂ unit,~~
250 ~~CAIR NO_x unit, or a CAIR NO_x Ozone Season~~~~an-affected~~ unit ~~pursuant~~
251 ~~to under- Section~~Sections 225.305, 225.405 and 225.505, ~~225.305,~~
252 ~~225.405, or 225.405,~~ ~~respectively~~, 40 CFR § 96.104, 96.204 or 96.304 on
253 the later of November 15, 1990 or the date the unit commences
254 commercial operation as defined in paragraph (a) of this definition, the
255 unit's date for commencement of commercial operation ~~will~~ be the
256 date on which the unit becomes an affected unit ~~under-pursuant to Section~~
257 ~~225.305, 225.405, or 225.405,~~ Sections 225.305, 225.405 and 225.505,
258 ~~respectively~~ 40 CFR § 96.104, 96.204, or 96.304.

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

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

275
276 e) ~~Notwithstanding paragraphs (a) and (b) of this definition, for a unit not~~

277 ~~servicing a generator producing electricity for sale, the unit's date of~~
278 ~~commencement of operation shall also be the unit's date of~~
279 ~~commencement of commercial operation.~~

280 "Commence construction" means, for the purposes of Section 225.460(f), 225.470, and
281 225.560(f), and 225.570 that the owner or his owner's designee has obtained all necessary
282 preconstruction approvals (e.g. zoning) or permits and either has:

283
284 a) Begun, or caused to begin, a continuous program of actual on-site
285 construction of the source, to be completed within a reasonable time; or

286
287 b) Entered into binding agreements or contractual obligations, which cannot
288 be cancelled or modified without substantial loss to the owner or operator,
289 to undertake a program of actual construction of the source to be
290 completed within a reasonable time. ~~For purposes of this definition:~~

291
292 c) For purposes of this definition:

293
294 1) "Construction" shall be determined as any physical change or
295 change in the method of operation, including but not limited to
296 fabrication, erection, installation, demolition, or modification of
297 projects eligible for CASA allowances, as set forth in Sections
298 225.460 and 225.560.

299
300 2) "A reasonable time:" shall be determined considering but not
301 limited to the following factors: the nature and size of the project,
302 the extent of design engineering, the amount of off-site
303 preparation, whether equipment can be fabricated or can be
304 purchased, when the project begins (considering both the seasonal
305 nature of the construction activity and the existence of other
306 projects competing for construction labor at the same time, the
307 place of the environmental permit in the sequence of corporate and
308 overall governmental approval), and the nature of the project
309 sponsor (e.g., private, public, regulated).

310
311 "Commence operation," for purposes of Subparts ~~of~~ C, D and E ~~of this Part~~, means:

312
313 a) To have begun any mechanical, chemical, or electronic process, including,
314 ~~with regard to~~ for the purpose of a unit, start-up of a unit's combustion
315 chamber, except as provided in 40 CFR-§ 96.105, 96.205, or 96.305, as
316 incorporated by reference in Section 225.140 ~~of this Subpart~~.

317
318 ~~b)~~ For a unit that undergoes a physical change (other than replacement of the
319 unit by a unit ~~at~~ the same source) after the date the unit commences
320 operation ~~s~~ as defined in paragraph (a) of this definition, such date ~~will~~ shall
321 remain the date of commencement of operation of the unit, which ~~will~~ shall
322 continue to be treated as the same unit.

323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368

c2) For a unit that is replaced by a unit at the same source (e.g., repowered), after the date the unit commences operation as defined in paragraph (a) of this definition, such date ~~will~~ remain the replaced unit's date of commencement of operation, and the replacement unit ~~will~~ be treated as a separate unit with a separate date for commencement of operation as defined in paragraphs (a) ~~or~~ (b) or (c) of this definition as appropriate.

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

~~1) For a unit with a date for commencement of operation as defined in paragraph (b) 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 shall remain the unit's date of commencement of operation.~~

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

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

“Compliance account” means, for the purposes of :

a) Subparts D and E-, a CAIR NO_x Allowance Tracking System account, established by USEPA for a CAIR NO_x source or CAIR NO_x Ozone Season source pursuant to 40 CFR 96 subparts FF and FFFF in which any CAIR NO_x allowance or CAIR NO_x Ozone Season allowance allocations for the CAIR NO_x units or CAIR NO_x Ozone Season units at the source are initially recorded and in which are held any CAIR NO_x or CAIR NO_x Ozone Season allowances available for use for a control period in order to meet the source's CAIR NO_x or CAIR NO_x Ozone Season emissions limitations in accordance with Sections 225.410 and 225.510, and 40 CFR 96.154 and 96.354, as incorporated by reference in Section 225.140. CAIR NO_x allowances may not be used for compliance with the CAIR NO_x

369 Ozone Season Trading program and CAIR NO_x Ozone Season allowances
370 may not be used for compliance with the CAIR NO_x Annual Trading
371 program.

372
373 b) For the purposes of Subpart C, a “compliance account” means a CAIR
374 SO₂ Allowance Tracking System account, established by USEPA
375 for a CAIR SO₂ source pursuant to 40 CFR 96 subpart FFF in which any
376 SO₂ allowance allocations for the CAIR SO₂ units at the source are
377 initially recorded and in which are held any SO₂ allowances available for
378 use for a control period in order to meet the source’s CAIR SO₂ emissions
379 limitations in accordance with Section 225.310 and 40 CFR 96.254, as
380 incorporated by reference in Section 225.140.

381
382 “Control period” means:

383
384 For the CAIR SO₂ and NO_x Annual Trading programs in Subparts C and D ~~of this~~
385 ~~Part~~, the period beginning January 1 of a calendar year, except as provided in
386 Sections 225.310(d)(3) and 225.410(d)(3) ~~of this Subpart~~, and ending on
387 December 31 of the same year, inclusive; or

388
389 For the CAIR NO_x Ozone Season Trading Program in Subpart E ~~of this Part~~, the
390 period beginning May 1 of a calendar year, except as provided in Section
391 225.510(d)(3) ~~of this Subpart~~, and ending on September 30 of the same year,
392 inclusive.

393
394 “Electric generating unit (EGU)” means a fossil fuel-fired stationary boiler, combustion
395 turbine or combined cycle system that serves a generator that has a nameplate capacity
396 greater than 25 MWe and produces electricity for sale.

397
398 “Fossil fuel” means natural gas, petroleum, coal, or any form of solid, liquid, or gaseous
399 fuel derived from such material.

400
401 “Fossil fuel-fired” means the combusting any amount of fossil fuel, alone or in
402 combination with any other fuel in any calendar year.

403
404 “Generator” means a device that produces electricity.

405
406 “Gross electrical output” means the total electrical output from an ~~electric generating unit~~
407 ~~(EGU)~~ before making any deductions for energy output used in any way related to the
408 production of energy. For an ~~electric generating unit~~ EGU generating only electricity, the
409 gross electrical output is the output from the turbine/generator set.

410
411 “Heat input” means, ~~for the purposes of~~ ~~with regard~~ Subparts C, D, and E ~~of this Part~~,
412 ~~with regard to~~ a specified period of time, the product (in mmBtu/hr) of the gross calorific
413 value of the fuel (in Btu/lb) divided by 1,000,000 Btu/mmBtu and multiplied by the fuel
414 feed rate into a combustion device (in lb of fuel/time), as measured, recorded and

415 reported to USEPA by the CAIR designated representative and determined by USEPA in
416 accordance with 40 CFR 96, subpart HH, HHH, or HHHH-, if applicable, and excluding
417 the heat derived from preheated combustion air, recirculated flue gases, or exhaust from
418 other sources.

419
420 “Higher heating value (HHV)” means the total heat liberated per mass of fuel burned
421 (Btu per pound), when fuel and dry air at standard conditions undergo complete
422 combustion and all resultant products are brought to their standard states at standard
423 conditions.

424
425 “Integrated gasification combined cycle (IGCC)” means a coal-fired electric utility steam
426 generating unit that burns a synthetic gas derived from coal in a combined-cycle gas
427 turbine. No coal is directly burned in the unit during operation.

428
429 "Nameplate Capacity" means, starting from the initial installation of a generator, the
430 maximum electrical generating output (in MWe) that the generator is capable of
431 producing on a steady state basis and during continuous operation (when not restricted by
432 seasonal or other deratings) as of such installation as specified by the manufacturer of the
433 generator or, starting from the completion of any subsequent physical change in the
434 generator resulting in an increase in the maximum electrical generating output (in MWe)
435 that the generator is capable of producing on a steady state basis and during continuous
436 operation (when not restricted by seasonal or other deratings), such increased maximum
437 amount as of such completion as specified by the person conducting the physical change.

438
439 “Oil-fired unit” means a unit combusting fuel oil for more than 15.0 percent of the annual
440 heat input in a specified year and not qualifying as coal-fired.

441
442 ~~“Project sponsor” means a person, including the owner or operator of an electric
443 generating unit that implements or helps to implement an energy efficiency and
444 conservation, renewable energy, or clean technology project as listed in Sections 225.460
445 and 225.560 of this Part.~~

446
447 “Potential electrical output capacity” means 33 percent of a unit’s maximum design heat
448 input, expressed in mmBtu/hr divided by 3.413 mmBtu/MWh, and multiplied by 8,760
449 hr/yr.

450
451 “Project sponsor” means a person or an entity, including but not limited to the owner or
452 operator of an EGU or a not-for-profit group, that provides the majority of funding for an
453 energy efficiency and conservation, renewable energy, or clean technology project as
454 listed in Sections 225.460 and 225.560, unless another person or entity is designated by a
455 written agreement as the project sponsor for the purpose of applying for NO_x allowances
456 or NO_x Ozone Season allowances from the CASA.

457
458 “Rated-energy efficiency” means the percentage of thermal energy input that is recovered
459 as useable energy in the form of gross electrical output, useful thermal energy, or both
460 that is used for heating, cooling, industrial processes, or other beneficial uses as follows:

461
462 For electric generators, rated energy efficiency is calculated as one kilowatt hour
463 (3,413 Btu) of electricity divided by the unit's design heat rate using the higher
464 heating value of the fuel, and expressed as a percentage.

465
466 For combined heat and power projects, rated-energy efficiency is calculated using
467 the following formula:

468
469
$$\text{REE} = ((\text{GO} + \text{UTE})/\text{HI}) \times 100$$

470
471 Where:

472
473 REE = Rated-energy efficiency, expressed as percentage.
474 GO = Gross electrical output of the system expressed in Btu/hr.
475 UTE = Useful thermal output from the system that is used for
476 heating, cooling, industrial processes or other beneficial
477 uses, expressed in Btu/hr.
478 HI = Heat input, based upon the higher heating value of fuel, in
479 Btu/hr.

480
481 "Repowered" means, ~~with regard to~~for the purpose of ~~an electric generating~~ unit,
482 replacement of a coal-fired boiler with one of the following coal-fired technologies at the
483 same source as the coal-fired boiler:

484
485 Atmospheric or pressurized fluidized bed combustion;

486
487 Integrated gasification combined cycle;

488
489 Magnetohydrodynamics;

490
491 Direct and indirect coal-fired turbines;

492
493 Integrated gasification fuel cells; or

494
495 As determined by the USEPA, a derivative of one or more of the technologies
496 listed above, and any other coal-fired technology capable of controlling multiple
497 combustion emissions simultaneously with improved boiler generation efficiency
498 and with significantly greater waste reduction relative to the performance of
499 technology in widespread commercial use as of January 1, 2005.

500
501 "Total energy output" means, with respect to a cogeneration unit, the sum of useful
502 power and useful thermal energy produced by the cogeneration unit.

503
504 "Useful thermal energy" means, ~~with regard to~~for the purpose of a cogeneration unit, the
505 thermal energy that is made available to an industrial or commercial process, excluding
506 any heat contained in condensate return or makeup water:

507
508 Used in a heating application (e.g., space heating or domestic hot water heating);
509 or
510
511 Used in a space cooling application (e.g., thermal energy used by an absorption
512 chiller).
513

514 Section 225.140 Incorporations by Reference

515
516 The following materials are incorporated by reference. These incorporations do not include any
517 later amendments or editions.
518

- 519 a) CAIR SO₂ Trading Program, 40 CFR 96, subpart AAA (CAIR SO₂ Trading
520 Program General Provisions, excluding 40 CFR-~~§§~~ 96.204, and 96.206); 40 CFR
521 96, subpart BBB (CAIR Designated Representative for CAIR SO₂ Sources); 40
522 CFR 96, subpart FFF (CAIR SO₂ Allowance Tracking System); 40 CFR 96,
523 subpart GGG (CAIR SO₂ Allowance Transfers); and 40 CFR 96, subpart HHH
524 (Monitoring and Reporting) (2006).
525
- 526 b) CAIR NO_x Annual Trading Program, 40 CFR 96, subpart AA (NO_x Annual
527 Trading Program General Provisions, excluding 40 CFR-~~§§~~ 96.104, 96.105(b)(2),
528 and 96.106); 40 CFR 96, subpart BB (CAIR Designated Representative for CAIR
529 NO_x Sources); 40 CFR 96, subpart FF (CAIR NO_x Allowance Tracking System);
530 40 CFR 96, subpart GG (CAIR NO_x Allowance Transfers); and 40 CFR 96,
531 subpart HH (Monitoring and Reporting) (2006).
532
- 533 c) CAIR NO_x Ozone Season Trading Program 40 CFR 96, subpart AAAA (CAIR
534 NO_x Ozone Season Trading Program General Provisions) (excluding 40 CFR-~~§§~~
535 96.304, 96.305(b)(2), and 96.306); 40 CFR 96, subpart BBBB (CAIR Designated
536 Representative for CAIR NO_x Ozone Season Sources); 40 CFR 96, subpart FFFF
537 (CAIR NO_x Ozone Season Allowance Tracking System); 40 CFR 96, subpart
538 GGGG (CAIR NO_x Ozone Season Allowance Transfers); and 40 CFR 96, subpart
539 HHHH (Monitoring and Reporting) (2006).
540
- 541 d) 40 CFR 75 (20062005).
542
- 543 e) 40 CFR 78 (20062005).
544
- 545 f) Federal Energy Management Program, *M&V Measurement and Verification for*
546 *Federal Energy Projects*, U.S. Department of Energy, Office of Energy
547 Efficiency and Renewable Energy, Version 2.2, DOE/GO-102000-0960
548 (September 2000).
549

550 **SUBPART C: CAIR SO₂ TRADING PROGRAM**

551
552 Section 225.300 Purpose

553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598

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

Section 225.305 Applicability

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

1) The following units are CAIR SO₂ units, and any source that includes one or more such units is a CAIR SO₂ source subject to the requirements of this Subpart C: any stationary, fossil-fuel-fired boiler or stationary, fossil-fuel-fired combustion turbine serving at any time, since the later of November 15, 1990 or the start-up the unit's combustion chamber, a generator with nameplate capacity of more than 25 MWe producing electricity for sale.

2) If a stationary boiler or stationary combustion turbine that, pursuant to subsection (a)(1) of this Section, is not a CAIR SO₂ unit begins to combust fossil fuel or to serve a generator with nameplate capacity of more than 25 MWe producing electricity for sale, the unit will become a CAIR SO₂ unit as provided in subsection (a)(1) of this Section on the first date on which it both combusts fossil fuel and serves such generator.

b) The units that meet the requirements set forth in subsections (b)(1), (b)(3), and (b)(4) of this Section will not be CAIR SO₂ units and units that meet the requirements of subsections (b)(2) and (b)(5) of this Section are CAIR SO₂ units:

1) Any unit that is a CAIR SO₂ unit pursuant to subsection (a)(1) or (a)(2) of this Section and:

A) Qualifies as a cogeneration unit during the 12-month period starting on the date the unit first produces electricity and continuing to qualify as a cogeneration unit; and

B) Does not serve at any time, since the later of November 15, 1990 or the start-up of the unit's combustion chamber, a generator with nameplate capacity of more than 25 MWe supplying any calendar year more than one-third of the of the unit's potential electric output capacity or 219,000 MWh, whichever is greater, to any utility power distribution for sale.

2) If a unit qualifies as a cogeneration unit during the 12-month period starting on the date the unit first produces electricity and meets the requirements of subsection (b)(1) of this Section for at least one calendar year, but subsequently no longer meets all such requirements, the unit

599 shall become a CAIR SO₂ unit starting on the earlier of January 1 after the
600 first calendar year during which the unit no longer qualifies as a
601 cogeneration unit or January 1 after the first calendar year during which
602 the unit no longer meets the requirements of subsection (b)(1)(B) of this
603 Section.

604
605 3) Any unit that is a CAIR SO₂ unit pursuant to subsection (a)(1) or (a)(2) of
606 this Section commencing operation before January 1, 1985 and:

607
608 A) Qualifies as a solid waste incineration unit; and

609
610 B) ~~With~~Has an average annual fuel consumption of non-fossil fuel for
611 1985-1987 exceeding 80 percent (on a Btu basis) and an average
612 annual fuel consumption of non-fossil fuel for any three
613 consecutive calendar years after 1990 exceeding 80 percent (on a
614 Btu basis).

615
616 4) Any unit that is a CAIR SO₂ unit under subsection (a)(1) or (a)(2) of this
617 Section commencing operation on or after January 1, 1985; and

618
619 A) Qualifies as a solid waste incineration unit; and

620
621 B) ~~With~~Has an average annual fuel consumption of non-fossil fuel ~~the~~
622 first three years of operation exceeding 80 percent (on a Btu basis)
623 and an average annual fuel consumption of non-fossil fuel for any
624 three consecutive calendar years after 1990 exceeding 80 percent
625 (on a Btu basis).

626
627 5) If a unit qualifies as a solid waste incineration unit and meets the
628 requirements of subsection (b)(3) or (b)(4) of this Section for at least three
629 consecutive years, but subsequently no longer meets all such
630 requirements, the unit shall become a CAIR SO₂ unit starting on the earlier
631 of January 1 after the first three consecutive calendar years after 1990 for
632 which the unit has an average annual fuel consumption of fuel of 20
633 percent or more.

634
635 ~~a) A fossil fuel fired stationary boiler, combustion turbine is an electric generating~~
636 ~~unit if it serves a generator that has a nameplate capacity greater than 25 MWe~~
637 ~~and produces electricity for sale and is not included in Appendix D of 35 III.~~
638 ~~Adm. Code Part 217. An electric generating unit is subject to the SO₂ Trading~~
639 ~~Program contained in this Subpart and is a CAIR SO₂ unit or an affected unit for~~
640 ~~the purposes of this Subpart.~~

641
642 ~~b) Notwithstanding subsection (a) of this Section, an EGU shall not be an affected~~
643 ~~unit and is not subject to the CAIR SO₂ Trading Program contained in this~~
644 ~~Subpart if it meets the requirements of either subsection (b)(1)(A) or (b)(2)(A) of~~

645 ~~this Section, as follows:~~

646

647

~~1) A unit that:~~

648

649

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

650

651

652

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

653

654

655

656

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

657

658

659

660

661

662

663

664

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

665

666

667

668

669

670

671

~~2) A unit that:~~

672

673

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

674

675

676

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

677

678

~~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).~~

679

680

681

682

683

684

685

~~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.~~

686

687

688

689

690

691
692 Section 225.310 Compliance Requirements
693

694 a) The owner or operator of ~~a CAIR SO₂ an-affected~~ unit ~~shall~~must comply with the
695 requirements of the CAIR SO₂ Trading Program for Illinois as set forth in this
696 Subpart C and 40 CFR 96, subpart AAA (CAIR SO₂ Trading Program General
697 Provisions, excluding 40 CFR-~~§§~~ 96.204, and 96.206); 40 CFR 96, subpart BBB
698 (CAIR Designated Representative for CAIR SO₂ Sources); 40 CFR 96, subpart
699 FFF (CAIR SO₂ Allowance Tracking System); 40 CFR 96, subpart GGG (CAIR
700 SO₂ Allowance Transfers); and 40 CFR 96, subpart HHH (Monitoring and
701 Reporting); as incorporated by reference in Section 225.140-~~of this Part~~.

702
703 b) Permit requirements:

704
705 1) The owner or operator of each source with one or more CAIR SO₂affected
706 units at the source must apply for a permit issued by the Agency with
707 federally enforceable conditions covering the CAIR SO₂ Trading Program
708 (“CAIR SO₂ permit”) that complies with the requirements of Section
709 225.320-~~of this Subpart~~ (Permit Requirements).

710
711 2) The owner or operator of each CAIR SO₂affected source and each- CAIR
712 SO₂ affected unit at the source must operate the CAIR SO₂ affected unit in
713 compliance with ~~its~~such CAIR-SO₂ permit.

714
715 c) Monitoring requirements:

716
717 1) The owner or operator of each CAIR SO₂ affected source and each CAIR
718 SO₂ affected unit at the source must comply with the monitoring,
719 reporting, and recordkeeping requirements of 40 CFR 96, subpart HHH.
720 The CAIR designated representative of each CAIR SO₂affected source
721 and each CAIR SO₂ affected unit at the CAIR SO₂ affected source must
722 comply with those sections of the monitoring, reporting and recordkeeping
723 requirements of 40 CFR 96, subpart HHH, applicable to the CAIR
724 designated representative.

725
726 2) The compliance of each CAIR SO₂affected sourceunit with the emissions
727 limitation ~~pursuant tounder~~ subsection (d) of this Section ~~will~~shall be
728 determined by the emissions measurements recorded and reported in
729 accordance with 40 CFR 96, subpart HHH and 40 CFR 75.

730
731 d) Emission requirements:

732
733 1) By the allowance transfer deadline, March 1, 2011, and by March 1 of
734 each subsequent year if March 1 is a business day, the owner or
735 operator~~CAIR designated representative~~ of each CAIR SO₂ affected
736 source and each CAIR SO₂ affected unit at the source ~~shall~~must hold a

- 737 ~~tonnage equivalent in~~ CAIR SO₂ allowances available for compliance
738 deductions ~~pursuant to~~ 40 CFR-§§ 96.254(a) and (b) in the ~~CAIR~~
739 ~~SO₂ affected~~ source's CAIR ~~compliance SO₂ Allowance System Tracking~~
740 account. ~~If March 1 is not a business day, the~~ ~~The allowance transfer~~
741 ~~deadline means is by midnight of March 1 (if it is a business day) or~~
742 ~~midnight of the first business day thereafter.~~ The number of allowances
743 held ~~on the allowance transfer deadline~~ ~~may~~ ~~shall~~ not be less than the ~~total~~
744 ~~tonnage equivalent of the~~ tons of SO₂ emissions for the control period
745 from all- ~~CAIR SO₂ affected~~ units at the ~~CAIR SO₂ affected~~ source;
746 ~~rounded to the nearest whole ton~~, as determined in accordance with 40
747 CFR 96, subpart HHH, ~~plus any number of allowances necessary to~~
748 ~~account for actual utilization (e.g., for testing, start-up, malfunction, and~~
749 ~~shut-down).~~
- 750
- 751 2) Each ton ~~or fraction~~ of SO₂ emitted by ~~a CAIR SO₂ an affected~~ unit in
752 excess of the ~~tonnage authorization~~ ~~number~~ of CAIR SO₂ allowances held
753 by the owner or operator for each ~~CAIR SO₂ affected~~ unit in its CAIR SO₂
754 ~~Allowance System Tracking compliance~~ account for each ~~day of the~~
755 ~~applicable~~ control period ~~will~~ ~~shall~~ constitute a separate violation of this
756 Subpart ~~C, the Clean Air Act~~, and the Act.
- 757
- 758 3) Each ~~CAIR SO₂ affected~~ unit ~~will~~ ~~shall~~ be subject to the monitoring ~~and~~
759 ~~compliance~~ requirements of subsections (c)(1) ~~and (d)(1)~~ of this Section
760 ~~for the control period~~ starting on the later of January 1, ~~2010~~ ~~2009~~ ~~2010~~, or
761 the deadline for meeting the unit's monitoring certification requirements
762 ~~pursuant to~~ 40 CFR-§ 96.270(b)(1) or (2) ~~and for each control period~~
763 ~~thereafter.~~
- 764
- 765 4) CAIR SO₂ allowances ~~shall~~ ~~must~~ be held in, deducted from, or transferred
766 ~~into or~~ among allowance accounts in accordance with this Subpart and 40
767 CFR -96, subparts FFF and GGG.
- 768
- 769 5) In order to comply with the requirements of subsection (d)(1) of this
770 Section, a CAIR SO₂ allowance may not be ~~deducted~~ ~~utilized~~ for
771 ~~compliance according to subsection (d)(1) of this Section, for~~ a control
772 period in a ~~calendar~~ year ~~before~~ ~~prior to~~ the year for which the allowance is
773 allocated.
- 774
- 775 6) A CAIR SO₂ allowance ~~allocated by USEPA under the CAIR SO₂ Trading~~
776 ~~Program~~ is a limited authorization to emit SO₂ in accordance with the
777 CAIR SO₂ Trading Program. No provision of the CAIR SO₂ Trading
778 Program, the CAIR SO₂ permit application, the CAIR SO₂ permit, or a
779 retired unit exemption ~~pursuant to~~ 40 CFR-§ 96.205, and no
780 provision of law, ~~will~~ ~~shall~~ be construed to limit the authority of the United
781 States or the State to terminate or limit this authorization.
- 782

- 783 7) A CAIR SO₂ allowance ~~allocated by USEPA pursuant to under the CAIR~~
784 ~~SO₂ Trading Program~~ does not constitute a property right.
- 785
- 786 8) Upon recordation by USEPA ~~pursuant to under~~ 40 CFR 96, subpart FFF or
787 ~~40 CFR 96~~, subpart GGG, every allocation, transfer, or deduction of a
788 CAIR SO₂ an allowance to or from a CAIR SO₂ an affected source's
789 compliance account, as defined by 40 CFR 96.202, is deemed to amend
790 automatically, and become a part of, any CAIR SO₂-permit of the CAIR
791 SO₂ affected source. This automatic amendment of the CAIR SO₂-permit
792 ~~will shall~~ be deemed an operation of law and will not require any further
793 review.
- 794
- 795 e) Recordkeeping and reporting requirements:
- 796
- 797 1) Unless otherwise provided, the owner or operator of the CAIR SO₂
798 affected source and each CAIR SO₂ affected unit at the source ~~shall must~~
799 keep on site at the source each of the documents listed in subsections
800 (e)(1)(A) through (e)(1)(D) of this Section for a period of five (5) years
801 from the date the document is created. This period may be extended for
802 cause, at any time prior to the end of five years, in writing by the Agency
803 or USEPA.
- 804
- 805 A) The certificate of representation for the CAIR designated
806 representative for the source and each CAIR SO₂ affected unit at
807 the source, all documents that demonstrate the truth of the
808 statements in the certificate of representation, provided that the
809 certificate and documents must be retained on site at the source
810 beyond such five-year period until ~~thesueh~~ documents are
811 superseded because of the submission of a new certificate of
812 representation ~~pursuant to under~~ 40 CFR § 96.213, changing the
813 CAIR designated representative.
- 814
- 815 B) All emissions monitoring information, in accordance with 40 CFR
816 96, subpart HHH.
- 817
- 818 C) Copies of all reports, compliance certifications, and other
819 submissions and all records made or required ~~pursuant to under~~ the
820 CAIR SO₂ Trading Program or documents necessary to
821 demonstrate compliance with the requirements of the CAIR SO₂
822 Trading Program or with the requirements of this Subpart C.
- 823
- 824 D) Copies of all documents used to complete a CAIR SO₂-permit
825 application and any other submission or documents used to
826 demonstrate compliance pursuant to under the CAIR SO₂ Trading
827 Program.
- 828

- 829 2) The CAIR designated representative of a CAIR SO₂an-affected source and
830 each CAIR SO₂affected unit at the source must submit to the Agency and
831 USEPA the reports and compliance certifications required pursuant
832 tounder the CAIR SO₂ Trading Program, including those pursuant tounder
833 40 CFR 96, subpart HHH.
834
- 835 f) Liability:
836
- 837 1) No revision of a permit for a CAIR SO₂an-affected unit mayshall excuse
838 any violation of the requirements of this Subpart C or the requirements of
839 the CAIR SO₂ Trading Program.
840
- 841 2) Each CAIR SO₂affected source and each affected-CAIR SO₂unit shallmust
842 meet the requirements of the CAIR SO₂ Trading Program.
843
- 844 3) Any provision of the CAIR SO₂ Trading Program that applies to CAIR
845 SO₂ an-affected source (including any provision applicable to the CAIR
846 designated representative of a CAIR SO₂an-affected source) willshall also
847 apply to the owner and operator of thesueh CAIR SO₂affected source and
848 to the owner and operator of each CAIR SO₂affected unit at the source.
849
- 850 4) Any provision of the CAIR SO₂ Trading Program that applies to a CAIR
851 SO₂an-affected unit (including any provision applicable to the CAIR
852 designated representative of a CAIR SO₂an-affected unit) willshall also
853 apply to the owner and operator of thesueh CAIR SO₂affected unit.
854 Except with regard to the requirements applicable to affected units with a
855 common stack under 40 CFR 96, subpart HHH, the owner, the operator,
856 and the CAIR designated representative of an affected unit shall not be
857 liable for any violation by any other affected unit of which they are not an
858 owner or operator or the CAIR designated representative.
859
- 860 5) The CAIR designated representative of a CAIR SO₂an-affected unit that
861 has excess SO₂ emissions in any control period shallmust surrender the
862 allowances as required for deduction pursuant tounder 40 CFR §
863 96.254(d)(1).
864
- 865 6) The owner or operator of a CAIR SO₂an-affected unit that has excess SO₂
866 emissions in any control period shallmust pay any fine, penalty, or
867 assessment or comply with any other remedy imposed pursuant tounder
868 the Act and 40 CFR §-96.254(d)(2).
869
- 870 g) Effect on other authorities. No provision of the CAIR SO₂ Trading Program, a
871 CAIR SO₂-permit application, a CAIR SO₂-permit, or a retired unit exemption
872 pursuant tounder 40 CFR §-96.205 willshall be construed as exempting or
873 excluding the owner and operator and, to the extent applicable, the CAIR
874 designated representative of a CAIR SO₂an-affected source or a CAIR

875 ~~SO₂affected~~ unit, from compliance with any other regulation promulgated
876 ~~pursuant to~~ the CAA, the Act, any State regulation or permit, or a federally
877 enforceable permit.
878

879 Section 225.315 Appeal Procedures
880

881 The appeal procedures for decisions of USEPA ~~pursuant to~~ the CAIR SO₂ Trading Program
882 are set forth in 40 CFR 78, as incorporated by reference in Section 225.140 ~~of this Part~~.
883

884 Section 225.320 Permit Requirements
885

886 a) Permit requirements:
887

888 1) The ~~owner or operator~~ owner or operator of each source with a CAIR
889 ~~SO₂an-affected~~ unit is required to submit:
890

891 A) A ~~a~~ complete permit application addressing all applicable CAIR
892 SO₂ Trading Program requirements for a permit meeting the
893 requirements of this Section 225.320, applicable to each CAIR
894 ~~SO₂affected~~ unit at the source. Each CAIR ~~SO₂~~-permit ~~must~~shall
895 contain elements required for a complete CAIR ~~SO₂~~-permit
896 application ~~pursuant to~~ subsection (b)(2) of this Section.
897

898 B) Any supplemental information that the Agency determines is
899 necessary in order to review a CAIR permit application and issue a
900 CAIR permit.
901

902 2) Each CAIR ~~SO₂~~-permit ~~will be issued pursuant to Section 39 or 39.5 of the~~
903 ~~Act, must~~shall contain federally enforceable conditions addressing all
904 applicable CAIR SO₂ Trading Program and requirements, and ~~will~~shall be
905 a complete and segregable portion of the source's entire permit ~~pursuant~~
906 ~~to~~shall subsection (a)(1) of this Section.
907

908 3) No CAIR ~~SO₂~~-permit ~~may~~shall be issued and no CAIR SO₂ ~~Allowance~~
909 ~~System Tracking Compliance~~ account ~~may~~shall be established for the
910 ~~CAIR SO₂an-affected~~ source, until the Agency and USEPA have received
911 a complete certificate of representation for a CAIR designated
912 representative or alternate designated representative ~~pursuant to~~ 40
913 CFR 96, subpart BBB, for ~~an~~ source and the ~~CAIR SO₂affected~~ unit at
914 the source.
915

916 4) For all ~~CAIR SO₂affected~~ units that commenced operation before July 1,
917 2008, the owner or operator of ~~the~~such unit must submit a CAIR ~~SO₂~~
918 permit application meeting the requirements of this Section 225.320 on or
919 before July 1, 2008.
920

921 5) For CAIR SO₂ affected units and that commence operation on or after July
922 1, 2008, and that are and are not subject to Section 39.5 of the Act, the
923 owner or operator of such units must submit applications for construction
924 and operating permits pursuant to the requirements of Sections 39 and
925 39.5 of the Act, as applicable, and 35 Ill. Adm. Code 201 and ~~thesueh~~
926 applications must specify that they are applying for CAIR SO₂ permits,
927 and must address the CAIR SO₂ permit application requirements of this
928 Section 225.320.

929
930 b) Permit applications:

931
932 1) Duty to apply. The ~~owner or operator~~ owner or operator of any source
933 with one or more CAIR SO₂ affected units shall ~~must~~ submit to the Agency
934 a CAIR SO₂ permit application for the source covering each CAIR
935 SO₂ affected unit pursuant to ~~under~~ subsection (b)(2) of this Section by the
936 applicable deadline in subsection (a)(4) or (a)(5) of this Section. The
937 owner or operator of any source with one or more CAIR SO₂ affected units
938 shall ~~must~~ reapply for a CAIR-SO₂ permit for the source as required by this
939 Subpart, 35 Ill. Adm. Code 201, and, as applicable, Sections 39 and 39.5
940 of the Act.

941
942 2) Information requirements for CAIR SO₂ permit applications. A complete
943 CAIR SO₂ permit application shall ~~must~~ include the following elements
944 concerning the source for which the application is submitted:

945
946 A) Identification of the source, including plant name. The ORIS
947 (Office of Regulatory Information Systems) or facility code
948 assigned to the source by the Energy Information Administration
949 shall ~~must~~ also be included, if applicable;

950
951 B) Identification of each CAIR SO₂ affected unit at the source; and

952
953 C) The compliance requirements applicable to each CAIR
954 SO₂ affected unit as set forth in Section 225.310 ~~of this Subpart~~.

955
956 3) An application for a CAIR SO₂ permit will ~~shall~~ be treated as a
957 modification of the CAIR SO₂ affected source's existing federally
958 enforceable permit, if such a permit has been issued for that CAIR
959 SO₂ affected source, and will ~~shall~~ be subject to the same procedural
960 requirements. When the Agency issues a CAIR SO₂ permit pursuant to the
961 requirements of this Section 225.320, it will ~~shall~~ be incorporated into and
962 become part of that CAIR SO₂ affected source's existing federally
963 enforceable permit.

964
965 c) Permit content. Each CAIR permit is deemed to incorporate automatically the
966 definitions and terms pursuant to Section 225.420130 and 40 CFR 96.202 (as

967 incorporated by reference in Section 225.140) and, upon recordation of USEPA
968 under 40 CFR 96, Subparts FFF and GGG as incorporated by reference in Section
969 225.140, every allocation, transfer, or deduction of a CAIR SO₂ allowance to or
970 from the compliance account of the CAIR SO₂ source covered by the permit.

971
972 Section 225.325 Trading Program

973
974 a) The CAIR SO₂ Trading Program is administered by USEPA. CAIR SO₂
975 allowances are issued as described by the definition for allocate in 40 CFR
976 96.202220, as incorporated by reference in Section 225.140 determined by
977 USEPA pursuant to the Acid Rain Program, Title IV of the CAA, 42 U.S.C. §
978 7651. The amount of ~~such~~ CAIR SO₂ allowances to be credited to a CAIR SO₂an
979 affected source's CAIR SO₂ Allowance Tracking System account for a CAIR
980 SO₂an-affected unit ~~will~~shall be determined in accordance with 40 CFR 96.253, as
981 incorporated by reference in Section 225.140 by USEPA.

982
983 b) A CAIR SO₂ allowance is a limited authorization to emit SO₂ during the calendar
984 year for which the allowance is allocated or any calendar year thereafter pursuant
985 tounder the CAIR SO₂ Trading Program as follows:

986
987 1) For one CAIR SO₂ allowance allocated for a control period in a year
988 before 2010, one ton of SO₂the retirement ratio shall be one ton of SO₂ to
989 1.0 CAIR SO₂ allowance, except as provided for in the compliance
990 deductions pursuant tounder 40 CFR §96.254(b);

991
992 2) For one CAIR SO₂ allowance allocated for a control period in 2010
993 through 2014, 0.50 ton of SO₂the retirement ratio shall be one ton of SO₂
994 to 2.0 CAIR SO₂ allowances, except as provided for in the compliance
995 deductions pursuant tounder 40 CFR §96.254(b); and

996
997 3) For one CAIR SO₂ allowance allocated for a control period in 2015 or
998 later, 0.35 ton of SO₂the retirement ratio shall be one ton of SO₂ to 2.86
999 CAIR SO₂ allowances, except as provided for in the compliance
1000 deductions pursuant tounder 40 CFR §96.254(b).

1001
1002 **SUBPART D: CAIR NO_x ANNUAL TRADING PROGRAM**

1003
1004 Section 225.400 Purpose

1005
1006 The purpose of this Subpart D is to control the annual emissions of nitrogen oxides (NO_x) from
1007 electric generating units (EGU) by determining allocations and implementing the CAIR NO_x
1008 Annual Trading Program.

1009
1010 Section 225.405 Applicability

1011
1012 a) Except as provided in subsections (b)(1), (b)(3), and (b)(4) of this Section:

1013
1014
1015
1016
1017
1018
1019
1020
1021
1022
1023
1024
1025
1026
1027
1028
1029
1030
1031
1032
1033
1034
1035
1036
1037
1038
1039
1040
1041
1042
1043
1044
1045
1046
1047
1048
1049
1050
1051
1052
1053
1054
1055
1056

- 1) The following units are CAIR NO_x units, and any source that includes one or more such units is a CAIR NO_x source subject to the requirements of this Subpart D: any stationary, fossil-fuel-fired boiler or stationary, fossil-fuel-fired combustion turbine serving at any time, since the later of November 15, 1990, or the start-up the unit's combustion chamber, a generator with nameplate capacity of more than 25 MWe producing electricity for sale.
 - 2) If a stationary boiler or stationary combustion turbine that, pursuant to subsection (a)(1) of this Section, is not a CAIR NO_x unit begins to combust fossil fuel or to serve a generator with nameplate capacity of more than 25 MWe producing electricity for sale, the unit will become a CAIR NO_x unit as provided in subsection (a)(1) of this Section on the first date on which it both combusts fossil fuel and serves such generator.
- b) The units that meet the requirements set forth in subsections (b)(1), (b)(3), and (b)(4) of this Section ~~will~~ are not ~~be~~ CAIR NO_x units and units that meet the requirements of subsections (b)(2) and (b)(5) of this Section are CAIR NO_x units:
- 1) Any unit that ~~would otherwise be classified as~~ ~~is~~ a CAIR NO_x unit pursuant to subsection (a)(1) or (a)(2) of this Section ~~and~~:
 - A) Qualifies as a cogeneration unit during the 12-month period starting on the date the unit first produces electricity and continuing to qualify as a cogeneration unit; and
 - B) Does not serve at any time, since the later of November 15, 1990 or the start-up of the unit's combustion chamber, a generator with nameplate capacity of more than 25 MWe supplying any calendar year more than one-third of the of the unit's potential electric output capacity or 219,000 MWh, whichever is greater, to any utility power distribution for sale.
 - 2) If a unit qualifies as a cogeneration unit during the 12-month period starting on the date the unit first produces electricity and meets the requirements of subsection (b)(1) of this Section for at least one calendar year, but subsequently no longer meets all such requirements, the unit shall become a CAIR NO_x unit starting on the earlier of January 1 after the first calendar year during which the unit no longer qualifies as a cogeneration unit or January 1 after the first calendar year during which the unit no longer meets the requirements of subsection (b)(1)(B) of this Section.

- 1057 3) Any unit that would otherwise be classified as ~~is~~ a CAIR NO_x unit
1058 pursuant to subsection (a)(1) or (a)(2) of this Section commencing
1059 operation before January 1, 1985 and:
1060
1061 A) Qualifies as a solid waste incineration unit; and
1062
1063 B) WithHas an average annual fuel consumption of non-fossil fuel for
1064 1985-1987 exceeding 80 percent (on a Btu basis) and an average
1065 annual fuel consumption of non-fossil fuel for any three
1066 consecutive calendar years after 1990 exceeding 80 percent (on a
1067 Btu basis).
1068
1069 4) Any unit that would otherwise be classified as ~~is~~ a CAIR NO_x unit under
1070 subsection (a)(1) or (a)(2) of this Section commencing operation on or
1071 after January 1, 1985: and
1072
1073 A) Qualifies as a solid waste incineration unit; and
1074
1075 B) WithHas an average annual fuel consumption of non-fossil fuel ~~the~~
1076 first three years of operation exceeding 80 percent (on a Btu basis)
1077 and an average annual fuel consumption of non-fossil fuel for any
1078 three consecutive calendar years after 1990 exceeding 80 percent
1079 (on a Btu basis).
1080
1081 5) If a unit qualifies as a solid waste incineration unit and meets the
1082 requirements of subsection (b)(3) or (b)(4) of this Section for at least three
1083 consecutive years, but subsequently no longer meets all such
1084 requirements, the unit shall become a CAIR NO_x unit starting on the
1085 earlier of January 1 after the first three consecutive calendar years after
1086 1990 for which the unit has an average annual fuel consumption of fuel of
1087 20 percent or more.
1088 a) ~~A fossil fuel fired stationary boiler, combustion turbine or combined cycle system~~
1089 ~~is an electric generating unit if it serves a generator that has a nameplate capacity~~
1090 ~~greater than 25 MWe and produces electricity for sale and is not included in~~
1091 ~~Appendix D of 35 Ill. Adm. Code Part 217. An electric generation unit is subject~~
1092 ~~to the NO_x Trading Program contained in this Subpart and is a CAIR NO_x unit or~~
1093 ~~affected unit for the purposes of this Subpart.~~
1094
1095 b) ~~Notwithstanding subsection (a) of this Section, an EGU shall not be an affected~~
1096 ~~unit and is not subject to the NO_x Trading Program contained in this Subpart if it~~
1097 ~~meets the requirements of either subsection (b)(1)(A) or (b)(2)(A) of this Section,~~
1098 ~~as follows:~~
1099
1100 1) ~~A unit that:~~
1101
1102 A) ~~Meets the definition of a cogeneration unit in Section 225.130 of~~

1103 ~~this Part; and~~
1104
1105 ~~i) — Qualifies as a cogeneration unit during the 12-month period~~
1106 ~~starting on the date the unit first produces electricity and~~
1107 ~~continues to qualify as a cogeneration unit; and~~
1108
1109 ~~ii) — Does not serve at any time, since the later of November 15,~~
1110 ~~1990, or the start-up of the unit's combustion chamber, a~~
1111 ~~generator with a nameplate capacity of more than 25 MWe,~~
1112 ~~and which supplies in any calendar year more than one-~~
1113 ~~third of the unit's potential electrical output capacity or~~
1114 ~~219,000 MWh, whichever is greater, to a utility power~~
1115 ~~distribution system for sale.~~
1116
1117 ~~B) — If a unit qualifies as a cogeneration unit during the 12-month~~
1118 ~~period starting on the date the unit first produces electricity but~~
1119 ~~subsequently no longer qualifies as a cogeneration unit, the unit~~
1120 ~~shall be subject to subsection (a) of this Section starting on the~~
1121 ~~January 1 after which the unit first no longer qualifies as a~~
1122 ~~cogeneration unit.~~
1123
1124 ~~2) — A unit that:~~
1125
1126 ~~A) — Qualifies as a solid waste incineration unit as defined by Section~~
1127 ~~129(g) of the CAA [42 U.S.C. § 7429(g)]; and~~
1128
1129 ~~i) — Commences operation on or after January 1, 1985; and~~
1130
1131 ~~ii) — Has an average annual fuel consumption of non-fossil fuel~~
1132 ~~for the first three calendar years of operation exceeding 80~~
1133 ~~percent (on a Btu basis) and an average annual fuel~~
1134 ~~consumption of non-fossil fuel for any three consecutive~~
1135 ~~calendar years after 1990 exceeding 80 percent (on a Btu~~
1136 ~~basis).~~
1137
1138 ~~B) — If a unit qualifies as a solid waste incineration unit and meets the~~
1139 ~~requirements of subsection (b)(2)(A) of this Section for at least~~
1140 ~~three consecutive calendar years, but subsequently no longer meets~~
1141 ~~all such requirements, the unit shall become an affected unit~~
1142 ~~starting on the January 1 after which the unit has an average annual~~
1143 ~~fuel consumption of fossil fuel of 20 percent or more.~~
1144

1145 Section 225.410 Compliance Requirements

1146
1147 a) The ~~owner or operator~~ CAIR designated representative of ~~a CAIR NO_x affected~~
1148 unit ~~shall~~must comply with the requirements of the CAIR NO_x Annual Trading

1149 Program for Illinois ~~are~~ set forth in this Subpart D and 40 CFR 96, subpart AA
1150 (NO_x Annual Trading Program General Provisions, excluding 40 CFR §§-96.104,
1151 96.105(b)(2), and 96.106); 40 CFR 96, subpart BB (CAIR Designated
1152 Representative for CAIR NO_x Sources); 40 CFR 96, subpart FF (CAIR NO_x
1153 Allowance Tracking System); 40 CFR 96, subpart GG (CAIR NO_x Allowance
1154 Transfers); and 40 CFR 96, subpart HH (Monitoring and Reporting); as
1155 incorporated by reference in Section 225.140-~~of this Part~~.

1156
1157 b) Permit requirements:

- 1158
1159 1) The owner or operator of each source with one or more CAIR NO_xaffected
1160 units at the source must apply for a permit issued by the Agency with
1161 federally enforceable conditions covering the CAIR NO_x Annual Trading
1162 Program (“CAIR-~~NO_x~~ permit”) that complies with the requirements of
1163 Section 225.420 ~~of this Subpart~~ (Permit Requirements).
1164
1165 2) The owner or operator of each CAIR NO_xaffected source and each CAIR
1166 NO_xaffected unit at the source must operate the CAIR NO_xaffected unit in
1167 compliance with ~~its~~ such CAIR-~~NO_x~~ permit.
1168

1169 c) Monitoring requirements:

- 1170
1171 1) The owner or operator of each CAIR NO_xaffected source and each CAIR
1172 NO_xaffected unit at the source must comply with the monitoring, reporting
1173 and recordkeeping requirements of 40 CFR 96, subpart HH, and Section
1174 225.450-~~of this Subpart~~. The CAIR designated representative of each
1175 CAIR NO_xaffected source and each CAIR NO_xaffected unit at the CAIR
1176 NO_xaffected source must comply with those sections of the monitoring,
1177 reporting, and recordkeeping requirements of 40 CFR 96, subpart HH,
1178 applicable to a CAIR designated representative.
1179
1180 2) The compliance of each CAIR NO_xaffected sourceunit with the NO_x
1181 emissions limitation pursuant to ~~under~~ subsection (d) of this Section
1182 will~~shall~~ be determined by the emissions measurements recorded and
1183 reported in accordance with 40 CFR 96, subpart HH.
1184

1185 d) Emission requirements:

- 1186
1187 1) By the allowance transfer deadline, March 1, 2011~~2010~~, and by March 1
1188 of each subsequent year if March 1 is a business day, the allowance
1189 transfer deadline, the owner or operator~~CAIR-designated representative~~ of
1190 each CAIR NO_xaffected source and each CAIR NO_xaffected unit at the
1191 source ~~shall~~must hold CAIR NO_x allowances available for compliance
1192 deductions pursuant to ~~under~~ 40 CFR §-96.154(a) in the CAIR NO_xaffected
1193 source’s CAIR NO_x compliance account. If March 1 is not a business day,
1194 the ~~The~~ allowance transfer deadline is means by midnight of March 1 (if it

- 1195 ~~is a business day) or midnight of the first business day thereafter.~~ The
1196 number of allowances held ~~on the allowance transfer deadline may~~ shall
1197 not be less than the tons of NO_x emissions for the control period from all
1198 ~~CAIR NO_x affected~~ units at the source, ~~rounded to the nearest whole ton,~~
1199 as determined in accordance with 40 CFR 96, subpart HH, ~~plus any~~
1200 ~~number of allowances necessary to account for actual utilization,~~
1201 ~~including, but not limited to testing, start-up, malfunction, and shut down.~~
1202
1203 2) Each ton of NO_x emitted in excess of the number of CAIR NO_x
1204 allowances held ~~at the allowance transfer deadline~~ by the owner or
1205 operator for each ~~CAIR NO_x affected~~ unit in its CAIR NO_x compliance
1206 account for each ~~day of the applicable~~ control period ~~will~~ shall constitute a
1207 separate violation of this Subpart ~~D, and~~ the Act, ~~and the CAA.~~
1208
1209 3) Each ~~CAIR NO_x affected~~ unit ~~will~~ shall be subject to the monitoring ~~and~~
1210 ~~compliance~~ requirements of subsections (c)(1) ~~and (d)(1)~~ of this Section
1211 ~~for the control period~~ starting on the later of January 1, ~~2009~~ 2009, or the
1212 deadline for meeting the unit's monitoring certification requirements
1213 ~~pursuant to~~ 40 CFR §-96.170(b)(1) or (b)(2), ~~and for each control~~
1214 ~~period thereafter.~~
1215
1216 4) CAIR NO_x allowances ~~shall~~ must be held in, deducted from, or transferred
1217 ~~into or~~ among allowance accounts in accordance with this Subpart and 40
1218 CFR- 96, subparts FF and GG.
1219
1220 5) In order to comply with the requirements of subsection (d)(1) of this
1221 Section, a CAIR NO_x allowance may not be ~~deducted~~ utilized for
1222 ~~compliance according to subsection (d)(1) of this Section, for~~ a control
1223 period in a year ~~before~~ prior to the ~~calendar~~ year for which the allowance is
1224 allocated.
1225
1226 6) A CAIR NO_x allowance allocated ~~by the Agency or USEPA pursuant~~
1227 ~~to~~ under the CAIR NO_x Annual Trading Program is a limited authorization
1228 to emit one ton of NO_x in accordance with the CAIR NO_x Trading
1229 Program. No provision of the CAIR NO_x Trading Program, the CAIR
1230 NO_x permit application, the CAIR NO_x permit, or a retired unit exemption
1231 ~~pursuant to~~ 40 CFR §-96.105, and no provision of law, ~~will~~ shall be
1232 construed to limit the authority of the United States or the State to
1233 terminate or limit this authorization.
1234
1235 7) A CAIR NO_x allowance allocated by the Agency or USEPA ~~pursuant~~
1236 ~~to~~ under the CAIR NO_x Annual Trading Program does not constitute a
1237 property right.
1238
1239 8) Upon recordation by USEPA ~~pursuant to~~ 40 CFR 96, subpart FF, or
1240 40 CFR 96, subpart GG, every allocation, transfer, or deduction of ~~a CAIR~~

1241 ~~NO_x an~~ allowance to or from a CAIR NO_x source compliance account is
1242 deemed to amend automatically, and become a part of, any CAIR NO_x
1243 permit of the ~~CAIR NO_xaffected~~ source. This automatic amendment of
1244 the CAIR NO_x permit ~~will~~ be deemed an operation of law and will
1245 not require any further review.
1246

1247 e) Recordkeeping and reporting requirements:

- 1248
- 1249 1) Unless otherwise provided, the owner or operator of the ~~CAIR~~
1250 ~~NO_xaffected~~ source and each ~~CAIR NO_xaffected~~ unit at the source
1251 ~~shall~~ must keep on site at the source each of the documents listed in
1252 subsections (e)(1)(A) through (e)(1)(E) of this Section for a period of five
1253 years from the date the document is created. This period may be extended
1254 for cause, at any time prior to the end of five years, in writing by the
1255 Agency or USEPA.
1256
- 1257 A) The certificate of representation for the CAIR designated
1258 representative for the source and each ~~CAIR NO_xaffected~~ unit at
1259 the source, all documents that demonstrate the truth of the
1260 statements in the certificate of representation, provided that the
1261 certificate and documents must be retained on site at the source
1262 beyond such five-year period until ~~thesuch~~ documents are
1263 superseded because of the submission of a new certificate of
1264 representation ~~pursuant to~~ 40 CFR §-96.113, changing the
1265 CAIR designated representative.
1266
- 1267 B) All emissions monitoring information, in accordance with 40 CFR
1268 96, subpart HH.
1269
- 1270 C) Copies of all reports, compliance certifications, and other
1271 submissions and all records made or required ~~pursuant to~~ the
1272 CAIR NO_x Annual Trading Program or documents necessary to
1273 demonstrate compliance with the requirements of the CAIR NO_x
1274 Annual Trading Program or with the requirements of this Subpart
1275 ~~D~~.
1276
- 1277 D) Copies of all documents used to complete a CAIR NO_x permit
1278 application and any other submission ~~or documents used to~~
1279 ~~demonstrate compliance pursuant to~~ the CAIR NO_x Annual
1280 Trading Program.
1281
- 1282 E) Copies of all records and logs for gross electrical output and useful
1283 thermal energy required by Section 225.450 ~~of this Subpart~~.
1284
- 1285 2) The CAIR designated representative of ~~an a~~ ~~CAIR NO_xaffected~~ source and
1286 each ~~CAIR NO_xaffected~~ unit at the source must submit to the Agency and

1287 USEPA the reports and compliance certifications required pursuant
1288 ~~to~~under the CAIR NO_x Annual Trading Program, including those pursuant
1289 ~~to~~under 40 CFR 96, subpart HH.

1291 f) Liability:

1293 1) No revision of a permit for a CAIR NO_x~~an-affected~~ unit ~~may~~shall excuse
1294 any violation of the requirements of this Subpart D or the requirements of
1295 the CAIR NO_x Annual Trading Program.

1297 2) Each CAIR NO_xaffected source and each CAIR NO_xaffected unit
1298 ~~shall~~must meet the requirements of the CAIR NO_x Annual Trading
1299 Program.

1301 3) Any provision of the CAIR NO_x Annual Trading Program that applies to a
1302 CAIR NO_xan-affected source (including any provision applicable to the
1303 CAIR designated representative of a CAIR NO_xan-affected source)
1304 ~~will~~shall also apply to the owner and operator of ~~the~~such CAIR
1305 NO_xaffected source and to the owner and operator of each CAIR
1306 NO_xaffected unit at the source.

1308 4) Any provision of the CAIR NO_x Annual Trading Program that applies to a
1309 CAIR NO_xan-affected unit (including any provision applicable to the
1310 CAIR designated representative of a CAIR NO_xan-affected unit) ~~will~~shall
1311 also apply to the owner and operator of ~~the~~such CAIR NO_xaffected unit.
1312 ~~Except with regard to the requirements applicable to affected units with a~~
1313 ~~common stack under 40 CFR 96, subpart HH, the owner, the operator,~~
1314 ~~and the CAIR designated representative or alternate designated~~
1315 ~~representative of an affected unit shall not be liable for any violation by~~
1316 ~~any other affected unit of which they are not an owner or operator or the~~
1317 ~~CAIR designated representative.~~

1319 5) The CAIR designated representative of a CAIR NO_xan-affected unit that
1320 has excess emissions in any control period ~~shall~~must surrender the
1321 allowances as required for deduction pursuant ~~to~~under 40 CFR-§
1322 96.154(d)(1).

1324 6) The owner or operator of a CAIR NO_xan-affected unit that has excess NO_x
1325 emissions in any control period ~~shall~~must pay any fine, penalty, or
1326 assessment or comply with any other remedy imposed pursuant ~~to~~under
1327 the Act and 40 CFR §-96.154(d)(2).

1329 g) Effect on other authorities. No provision of the CAIR NO_x Annual Trading
1330 Program, a CAIR ~~NO_x~~-permit application, a CAIR ~~NO_x~~ permit, or a retired unit
1331 exemption pursuant ~~to~~under 40 CFR § 96.105 ~~will~~shall be construed as exempting
1332 or excluding the owner and operator and, to the extent applicable, the CAIR

1333 designated representative of a CAIR NO_xan-affected source or a CAIR NO_xan
1334 affected unit, from compliance with any other regulation promulgated pursuant to
1335 under the CAA, the Act, any State regulation or permit, or a federally enforceable
1336 permit.

1337
1338 Section 225.415 Appeal Procedures

1339
1340 The appeal procedures for decisions of USEPA pursuant to~~under~~ the CAIR NO_x Annual Trading
1341 Program are set forth in 40 CFR 78, as incorporated by reference in Section 225.140~~of this Part~~.

1342
1343 Section 225.420 Permit Requirements

1344
1345 a) Permit requirements:

1346
1347 1) The ~~owner or operator~~ owner or operator of each source with a CAIR
1348 NO_xan-affected unit is required to submit:

1349
1350 A) ~~a~~ complete permit application addressing all applicable CAIR
1351 NO_x Annual Trading Program requirements for a permit meeting
1352 the requirements of this Section 225.420, applicable to each CAIR
1353 NO_xaffected unit at the source. Each CAIR NO_x-permit ~~shall~~must
1354 contain elements required for a complete CAIR NO_x-permit
1355 application pursuant to subsection (b)(2) of this Section.

1356
1357 B) Any supplemental information that the Agency determines
1358 necessary in order to review a CAIR permit application and issue
1359 any CAIR permit.

1360
1361 2) Each CAIR NO_x-permit will be issued pursuant to Section 39 and 39.5 of
1362 the Act, shallmust contain federally enforceable conditions addressing all
1363 applicable CAIR NO_x Annual Trading Program requirements and
1364 shallmust be a complete and segregable portion of the source's entire
1365 permit pursuant to subsection (a)(1) of this Section.

1366
1367 3) No CAIR NO_x-permit ~~may~~shall be issued, and no CAIR NO_x compliance
1368 account ~~may~~shall be established for a CAIR NO_xan-affected source, until
1369 the Agency and USEPA have received a complete certificate of
1370 representation for a CAIR designated representative pursuant to 40
1371 CFR ~~-96~~, subpart BB, for the CAIR NO_xaffected-source and the CAIR
1372 NO_xaffected unit at the source.

1373
1374 4) For all CAIR NO_xaffected units that commenced operation before July 1,
1375 2007, the owner or operator of ~~thesuch~~ unit must submit a CAIR NO_x
1376 permit application meeting the requirements of this Section 225.420 on or
1377 before July 1, 2007.

1378

1379 5) For all CAIR NO_xaffected units ~~and~~ that commence operation on or after
1380 July 1, 2007~~8~~, the owner or operator of ~~thesesueh~~ units must submit
1381 applications for construction and operating permits pursuant to the
1382 requirements of Sections 39 and 39.5 of the Act, as applicable, and 35 Ill.
1383 Adm. Code 201 and ~~thesueh~~ applications must specify that they are
1384 applying for CAIR NO_x-permits, and must address the CAIR NO_x permit
1385 application requirements of this Section 225.420.
1386

1387 b) Permit applications:
1388

1389 1) Duty to apply. The ~~owner or operator~~ owner or operator of any source
1390 with one or more CAIR NO_xaffected units ~~shall~~must submit to the Agency
1391 a CAIR NO_x-permit application for the source covering each CAIR
1392 NO_xaffected unit ~~pursuant to~~under subsection (b)(2) of this Section by the
1393 applicable deadline in subsection (a)(4) or (a)(5) of this Section. The
1394 owner or operator of any source with one or more CAIR NO_xaffected units
1395 ~~shall~~must reapply for a CAIR NO_x-permit for the source as required by
1396 this Subpart, 35 Ill. Adm. Code 201, and, as applicable, Sections 39 and
1397 39.5 of the Act.
1398

1399 2) Information requirements for CAIR NO_x permit applications. A complete
1400 CAIR NO_x-permit application ~~shall~~must include the following elements
1401 concerning the source for which the application is submitted:
1402

1403 A) Identification of the source, including plant name. The ORIS
1404 (Office of Regulatory Information Systems) or facility code
1405 assigned to the source by the Energy Information Administration
1406 ~~shall~~must also be included, if applicable;
1407

1408 B) Identification of each CAIR NO_xaffected unit at the source; and
1409

1410 C) The compliance requirements applicable to each CAIR
1411 NO_xaffected unit as set forth in Section 225.410~~of this Subpart~~.
1412

1413 3) An application for a CAIR NO_x-permit ~~will~~shall be treated as a
1414 modification of the CAIR NO_xaffected source's existing federally
1415 enforceable permit, if such a permit has been issued for that source, and
1416 ~~will~~shall be subject to the same procedural requirements. When the
1417 Agency issues a CAIR NO_x-permit pursuant to the requirements of this
1418 Section 225.420, it ~~will~~shall be incorporated into and become part of that
1419 source's existing federally enforceable permit.
1420

1421 c) Permit content. Each CAIR permit is deemed to incorporate automatically the
1422 definitions and terms pursuant to Section 225.130~~420~~ and, upon recordation of
1423 USEPA under 40 CFR 96, Subparts FF and GG as incorporated by reference in
1424 Section 225.140, every allocation, transfer, or deduction of a CAIR NO_x

1425 allowance to or from the compliance account of the CAIR NO_x source covered by
1426 the permit.

1427
1428 Section 225.425 Annual Trading Budget

1429
1430 The CAIR NO_x Annual Trading budget available for allowance allocations for each control
1431 period ~~willshall~~ be determined as follows:

- 1432
- 1433 a) The total base CAIR NO_x Annual Trading budget is 76,230 tons per control
1434 period for the years 2009 through 2014, subject to a reduction for two set-asides,
1435 the New Unit Set-Aside (NUSA) and the Clean Air Set-Aside (CASA). Five
1436 percent of the budget ~~willshall~~ be allocated to the NUSA and 25 percent ~~willshall~~
1437 be allocated to the CASA, resulting in a CAIR NO_x Annual Trading budget of
1438 53,361 tons available for allocation per control period pursuant to Section
1439 225.440~~of this Subpart~~. The requirements of the NUSA are set forth in Section
1440 225.445~~of this Subpart~~, and the requirements of the CASA are set forth in
1441 Sections 225.455 through 225.470~~of this Subpart~~.
- 1442
- 1443 b) The total base CAIR NO_x Annual Trading budget is 63,525 tons per control
1444 period for the year 2015 and thereafter, subject to a reduction for two set-asides,
1445 the NUSA and the CASA. Five percent of the budget ~~willshall~~ be allocated to the
1446 NUSA and 25 percent ~~willshall~~ be allocated to the CASA, resulting in a CAIR
1447 NO_x Annual Trading budget of 44,468 tons available for allocation per control
1448 period pursuant to Section 225.440~~of this Subpart~~.
- 1449
- 1450 c) If USEPA adjusts the total base CAIR NO_x Annual Trading budget for any
1451 reason, the Agency ~~willshall~~ adjust the base CAIR NO_x Annual Trading budget
1452 and the CAIR NO_x Annual Trading budget available for allocation~~5~~, accordingly.

1453
1454 Section 225.430 Timing for Annual Allocations

- 1455
- 1456 a) ~~No later than April 30, 2007~~~~By July 31, 2007~~~~October 31, 2006~~, the Agency
1457 ~~willshall~~ submit to USEPA the CAIR NO_x allowance allocations, in accordance
1458 with Sections 225.435 and 225.440~~of this Subpart~~, for the 2009, 2010, and 2011
1459 control periods.
- 1460
- 1461 b) By October 31, 200~~89~~, and October 31 of each year thereafter, the Agency
1462 ~~willshall~~ submit to USEPA the CAIR NO_x allowance allocations in accordance
1463 with Sections 225.435 and 225.440 ~~of this Subpart~~, for the control period
1464 ~~four~~~~three~~ years after the year of the applicable deadline for submission ~~pursuant~~
1465 ~~tounder~~ this Section 225.430. For example, on October 31, 200~~89~~, the Agency
1466 ~~willshall~~ submit to USEPA the allocations for the 2012 control period.
- 1467
- 1468 c) ~~For The Agency willshall allocate allowances from the NUSA to CAIR~~
1469 ~~NO_x affected~~ units that commence commercial operation on or after January 1,
1470 2006, ~~that have not been allocated allowances under Section 225.440 for the~~

1471 applicable or any preceding control period, the Agency will allocate allowances
1472 from the NUSA in accordance with Section 225.445. The Agency willshall report
1473 these allocations to USEPA by October 31February 15 ofafter the applicable
1474 control period. For example, on October 31February 15, 20092010, the Agency
1475 willshall submit to USEPA the allocations from the NUSA for the 2009 control
1476 period.

1477
1478 d) The Agency willshall allocate allowances from the CASA to energy efficiency,
1479 renewable energy, and clean technology projects pursuant to the criteria in
1480 Sections 225.455 through 225.470 of this Subpart. The Agency willshall report
1481 these allocations to USEPA by October 1December 1 of each year. For example,
1482 on October 1, 2009December 1, 2010, the Agency willshall submit to USEPA the
1483 allocations from the CASA for the 20092010 control period, based on reductions
1484 made in the 20082009 control period.

1485
1486 Section 225.435 Methodology for Calculating Annual Allocations

1487
1488 The Agency willshall calculate converted gross electrical output (CGO)-(CGO), in MWh, for
1489 each CAIR NO_xaffected unit that has operated during at least one calendar year prior to the
1490 calendar year in which the Agency reports the allocations to USEPA, as follows:

1491
1492 a) For control periods 2009, 2010, and 2011, the owner or operator of the unit's
1493 must submit in writing to the Agency by June 1, 2007, a statement that either
1494 gross electrical output data or heat input data is to be used to calculate the unit's
1495 converted gross electrical output-(CGO). The data shall be used to calculate
1496 converted gross electrical output pursuant to either subsection (a)(1) or (a)(2) of
1497 this Section shall be:

1498
1499 1) Gross electrical output. If the unit has four or five control periods of data,
1500 then the gross electrical output (GO) willshall be the average of the unit's
1501 three highest gross electrical outputs from the 2001, 2002, 2003, 2004, or
1502 2005 control periods. If the unit has three or fewer control periods of
1503 gross electrical output data, the gross electrical output willshall be the
1504 average of those control periods. If the unit does not have gross electrical
1505 output for the 2004 and 2005 control periods, the gross electrical output
1506 willshall be the gross electrical output data from the 2005 control period.
1507 If the unit does not have gross electrical output, heat input shall be used
1508 pursuant to subsection (a)(2) of this Section. If a generator is served by
1509 two or more units, the gross electrical output of the generator willshall be
1510 attributed to each unit in proportion to the unit's share of the total control
1511 period heat input of thesesuch units for the control period. The unit's
1512 converted gross electrical output (CGO) willshall be calculated as follows:

1513
1514 A) If the unit is coal-fired:
1515 CGO (in MWh) = GO (in × MWh) × 1.0;

1516

- 1517 B) If the unit is oil-fired:
1518 CGO (in MWh) = GO (~~in~~ MWh) × 0.6; ~~or~~
1519
- 1520 C) If the unit is neither coal-fired nor oil-fired:
1521 CGO (in MWh) = GO (~~in~~ MWh) × 0.4;
1522
- 1523 2) ~~If gross electrical output data is not provided to the Agency, H~~heat input
1524 (HI) ~~shall be used~~. If the unit has four or five control periods of data, the
1525 average of the unit's three highest heat inputs~~s~~ from the 2001, 2002,
1526 2003, 2004, or 2005 control period, ~~will~~shall be used. If the unit has heat
1527 inputs from the 2003, 2004, or 2005 control period, the heat input ~~will~~shall
1528 be the average of those years. If the unit does not have heat input from the
1529 2004 and 2005 control periods, the heat input from the 2005 control period
1530 ~~will~~shall be used. The unit's converted gross electrical output (~~CGO~~)
1531 ~~will~~shall be calculated as follows:
1532
- 1533 A) If the unit is coal-fired:
1534 CGO (in MWh) = HI (in mmBtu) × 0.0967;
1535
- 1536 B) If the unit is oil-fired:
1537 CGO (in MWh) = HI (in mmBtu) × 0.0580; or
1538
- 1539 C) If the unit is neither coal-fired nor oil-fired:
1540 CGO (in MWh) = HI (in mmBtu) × 0.0387.
1541
- 1542 b) For control periods 2012 and 2013, the owner or operator of the unit must submit
1543 in writing to the Agency by June 1, 2008, a statement that either gross electrical
1544 output data or heat input data is to be used to calculate the unit's converted gross
1545 electrical output. The unit's converted gross electrical output shall be calculated
1546 pursuant to either subsection (b)(1) or (b)(2) of this Section:
1547
- 1548 1) Gross electrical output. The gross electrical output will be ~~the~~the average of
1549 the unit's two most recent years of control period gross electrical output, if
1550 available; otherwise it will be the unit's most recent control period's gross
1551 electrical output. If a generator is served by two or more units, the gross
1552 electrical output of the generator shall be attributed to each unit in
1553 proportion to the unit's share of the total control period heat input of such
1554 units for the control period. The unit's converted gross electrical output
1555 ~~shall~~will be calculated as follows:
1556
- 1557 A) If the unit is coal-fired:
1558 CGO (in MWh) = GO (~~in~~ MWh) × 1.0;
1559
- 1560 B) If the unit is oil-fired:
1561 CGO (in MWh) = GO (~~in~~ MWh) × 0.6;
1562

1563
1564
1565
1566
1567
1568
1569
1570
1571
1572
1573
1574
1575
1576
1577
1578
1579
1580
1581
1582
1583
1584
1585
1586
1587
1588
1589
1590
1591
1592
1593
1594
1595
1596
1597
1598
1599
1600
1601
1602
1603
1604
1605
1606
1607
1608

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

2) Heat input. The heat input used will be 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 inputs 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:
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.

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:
CGO (in MWh) = GO (in MWh) × 1.0;

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

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

de) For a unit that 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 ~~will~~shall add the converted gross electrical output calculated for electricity pursuant to subsections (a), (b), or (cb) of this Section to the converted useful thermal energy (CUTE) to determine the total converted gross electrical output for the unit (TCGO). The Agency ~~will~~shall determine the converted useful thermal energy by

1609 using the average of the unit's control period useful thermal energy for the prior
1610 two control periods, if available, otherwise the unit's control period useful
1611 thermal output for the prior year ~~willshall~~ be used. The converted useful thermal
1612 energy ~~willshall~~ be determined using the following equations:

- 1613
- 1614 1) If the unit is coal-fired:
1615 CUTE (in MWh) = UTE (in mmBtu) × 0.2930;
1616
- 1617 2) If the unit is oil-fired:
1618 CUTE (in MWh) = UTE (in mmBtu) × 0.1758; or
1619
- 1620 3) If the unit is neither coal-fired nor oil-fired:
1621 CUTE (in MWh) = UTE (in mmBtu) × 0.1172.
1622

1623 ~~ed~~) The ~~CAIR NO_xaffected~~ unit's ~~converted~~ gross electrical output and converted
1624 useful thermal energy in subsections (a)(1), (b)(1), (c), and (d) of this Section for
1625 each control period ~~willshall~~ be based on the best available data reported or
1626 available to the Agency for the ~~CAIR NO_xaffected~~ unit pursuant to the provisions
1627 of Section 225.450 ~~of this Subpart~~.

1628

1629 ~~fe~~) The ~~CAIR NO_xaffected~~ unit's heat input in subsections (a)(2) and (b)(2) of this
1630 Section for each control period ~~willshall~~ be determined in accordance with 40
1631 CFR- 75, as incorporated by reference in Section 225.140 ~~of this Part~~.

1632

1633 Section 225.440 Annual Allocations

1634

1635 a) For the 2009 control period, and each control period thereafter, the Agency
1636 ~~willshall~~ allocate CAIR NO_x allowances to all ~~CAIR NO_xaffected~~ units in Illinois
1637 for which the Agency has calculated the total converted gross electrical output
1638 pursuant to Section 225.435 ~~of this Subpart~~, a total amount of CAIR NO_x
1639 allowances equal to tons of NO_x emissions in the CAIR NO_x Annual Trading
1640 budget available for allocation as determined in Section 225.425 ~~of this~~
1641 ~~Subpart~~ and ~~as adjusted to add allowances not~~ allocated pursuant to ~~this~~ Section
1642 225.440 ~~(b) in the previous year's allocation of this Subpart~~.

1643

1644 b) The Agency ~~willshall~~ allocate CAIR NO_x allowances to each ~~CAIR NO_xaffected~~
1645 unit on a pro-rata basis using the unit's total converted gross electrical output
1646 calculated pursuant to Section 225.435, ~~to the extent whole allowances may be~~
1647 ~~allocated. of this Subpart. The Agency will retain any additional allowances~~
1648 ~~beyond this allocation of whole allowances for allocation pursuant to Section~~
1649 ~~225.440(a) in the next control period. If there are insufficient allowances to~~
1650 ~~allocate whole allowances pro-rata, these such unallocated allowances willshall be~~
1651 ~~retained by the Agency and willshall be available for allocation in later control~~
1652 ~~periods.~~

1653

1654 Section 225.445 New Unit Set-Aside (NUSA)

1655
1656
1657
1658
1659
1660
1661
1662
1663
1664
1665
1666
1667
1668
1669
1670
1671
1672
1673
1674
1675
1676
1677
1678
1679
1680
1681
1682
1683
1684
1685
1686
1687
1688
1689
1690
1691
1692
1693
1694
1695
1696
1697
1698
1699
1700

For the 2009 control period and each control period thereafter, the Agency ~~will shall~~ allocate CAIR NO_x allowances from the NUSA to ~~CAIR NO_x affected~~ units that commenced commercial operation on or after January 1, 2006, and do not yet have an allocation for the particular control period pursuant to Section 225.440 ~~of this Subpart~~, in accordance with the following procedures:

- a) Beginning with the 2009 control period and each control period thereafter, the Agency ~~will shall~~ establish a separate NUSA for each control period. Each NUSA ~~will shall~~ be allocated CAIR NO_x allowances equal to 5 percent of the amount of tons of NO_x emissions in the base CAIR NO_x Annual Trading budget in Section 225.425 ~~of this Subpart~~.
- b) The CAIR designated representative of ~~such a new CAIR NO_x an affected~~ unit may submit to the Agency a request, in a format specified by the Agency, to be allocated CAIR NO_x allowances from the NUSA starting with the first control period ~~after the control period~~ in which the new unit commences commercial operation and until the first control period for which the unit may use CAIR NO_x allowances allocated to the unit ~~pursuant tounder~~ Section 225.440 ~~of this Subpart~~. The NUSA allowance allocation request may only be submitted after a new unit has operated during one control period, and no later than ~~March 1 January 15~~ ~~of after~~ the control period for which allowances from the NUSA are being requested.
- c) In a NUSA allowance allocation request ~~pursuant tounder~~ subsection (b) of this Section, the CAIR designated representative must provide in its request information for gross electrical output and useful thermal energy, if any, for the new ~~CAIR NO_x affected~~ unit for that control period.
- d) The Agency ~~will shall~~ allocate allowances from the NUSA to a new ~~CAIR NO_x affected~~ unit using the following procedures:
 - 1) For each new ~~CAIR NO_x unit affected unit that has operated in at least one control period~~, the unit's gross electrical output for the most recent control period ~~will shall~~ be used to calculate the unit'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 ~~thesesuch~~ units for the control period. The new unit's converted gross electrical output ~~will shall~~ be calculated as follows:
 - A) If the unit is coal-fired:
CGO (in MWh) = GO × 1.0;
 - B) If the unit is oil-fired:
CGO (in MWh) = GO × 0.6; or

- 1701 C) If the unit is neither coal-fired nor oil-fired:
1702 CGO (in MWh) = GO × 0.4.
1703
- 1704 2) If the unit is a combustion turbine or boiler and has equipment used to
1705 produce electricity and useful thermal energy for industrial, commercial,
1706 heating, or cooling purposes through the sequential use of energy, the
1707 Agency willshall add the converted gross electrical output calculated for
1708 electricity pursuant to subsection (d)(1) of this Section to the converted
1709 useful thermal energy to determine the total converted gross electrical
1710 output for the unit. The Agency willshall determine the converted useful
1711 thermal energy using the unit's useful thermal energy for the most recent
1712 control period. The converted useful thermal energy willshall be
1713 determined using the following equations:
1714
- 1715 A) If the unit is coal-fired:
1716 CUTE (in MWh) = UTE (in mmBtu) × 0.2930;
1717
- 1718 B) If the unit is oil-fired:
1719 CUTE (in MWh) = UTE (in mmBtu) × 0.1758; or
1720
- 1721 C) If the unit is neither coal-fired nor oil-fired:
1722 CUTE (in MWh) = UTE (in mmBtu) × 0.1172.
1723
- 1724 3) The gross electrical output and useful thermal energy in subsections (d)(1)
1725 and (d)(2) of this Section for each control period willshall be based on the
1726 best available data reported or available to the Agency for the CAIR
1727 NO_xaffected unit pursuant to the provisions of Section 225.450-of this
1728 Subpart.
1729
- 1730 4) The Agency willshall determine a unit's un-prorated allocation (UA_y)
1731 using the unit's converted gross electrical output (CGO) plus the unit's
1732 converted useful thermal energy, if any, calculated in subsections (d)(1)
1733 and (d)(2) of this Section, converted to approximate NO_x tons (the unit's
1734 un-prorated allocation), as follows:
1735

$$1736 \quad UA_y = \frac{TCGO_y * (1.0\text{lbs/MWh})}{2000\text{lbs/ton}}$$

1737
1738 Where:

- 1739
- 1740 UA_y = un-prorated allocation to a new
1741 CAIR NO_xaffected unit.
1742 $TCGO_y$ = total converted gross electrical output for a
1743 new CAIR NO_xaffected unit.
1744

- 1745 5) The Agency ~~will~~allocate CAIR NO_x allowances from the NUSA to
1746 new ~~CAIR NO_xaffected~~ units as follows:
1747
1748 A) If the NUSA for the control period for which CAIR NO_x
1749 allowances are requested has a number of allowances greater than
1750 or equal to the total un-prorated allocations for all new units
1751 requesting allowances, the Agency ~~will~~allocate the number of
1752 allowances using the un-prorated allocation determined for that
1753 unit pursuant to subsection (d)(4) of this Section, to the extent that
1754 whole allowances may be allocated. For any additional allowances
1755 beyond this allocation of whole allowances, the Agency will retain
1756 the additional allowances in the NUSA for allocation pursuant to
1757 Section 225.445 in later control periods. ~~If there are insufficient~~
1758 ~~allowances to allocate whole allowances, such unallocated~~
1759 ~~allowances shall be retained by the Agency and shall be available~~
1760 ~~for allocation in a later control period.~~
1761
1762 B) If the NUSA for the control period for which the allowances are
1763 requested has a number of CAIR NO_x allowances less than the
1764 total un-prorated allocation to all new ~~CAIR NO_xaffected~~ units
1765 requesting allocations, the Agency ~~will~~allocate the available
1766 allowances for new ~~CAIR NO_xaffected~~ units on a pro-rata basis,
1767 using the un-prorated allocation determined for that unit pursuant
1768 to subsection (d)(4) of this Section, to the extent that whole
1769 allowances may be allocated. For any additional allowances
1770 beyond this allocation of whole allowances, the Agency will retain
1771 the additional allowances in the NUSA for allocation pursuant to
1772 Section 225.445 in later control periods. ~~If there are insufficient~~
1773 ~~allowances to allocate whole allowances, such unallocated~~
1774 ~~allowances shall be retained by the Agency and shall be available~~
1775 ~~for allocation in a later control period.~~
1776
1777 C) ~~If the gross electrical output or useful thermal energy reported to~~
1778 ~~the Agency in subsection (d) of this Section is later determined to~~
1779 ~~be greater than the unit's actual gross electrical output or useful~~
1780 ~~thermal energy for the applicable control period, the Agency shall~~
1781 ~~reduce the unit's allocation from the NUSA for the current control~~
1782 ~~period to account for the excess allowances allocated in the prior~~
1783 ~~control period or periods.~~
1784
1785 e) The Agency ~~will~~review each NUSA allowance allocation request ~~pursuant~~
1786 ~~to~~under subsection (b) of this Section. The Agency ~~will~~accept a NUSA
1787 allowance allocation request only if the request meets, or is adjusted by the
1788 Agency as necessary to meet, the requirements of this Section 225.445.
1789
1790 f) By ~~June 1~~~~February 8~~ ~~o~~after the applicable control period, the Agency ~~will~~

1791 notify each CAIR designated representative that submitted a NUSA allowance
1792 request of the amount of CAIR NO_x allowances from the NUSA, if any, allocated
1793 for the control period to the new unit covered by the request.
1794

1795 g) The Agency ~~will~~shall allocate CAIR NO_x allowances to new units from the
1796 NUSA no later than ~~October 31~~February 15 ~~of~~after the applicable control period.
1797

1798 h) After a new ~~CAIR NO_x affected~~ unit has operated in one control period, it
1799 becomes an existing unit for the purposes of Section 225.440-~~of this Subpart~~ only,
1800 and the Agency ~~will~~shall allocate CAIR NO_x allowances for that unit, for the
1801 control period commencing four years in the future pursuant to Section 225.440
1802 ~~of this Subpart~~. For example, if a unit commences commercial operation in 2009,
1803 in 2010, the Agency ~~will~~shall allocate to that unit allowances pursuant to Section
1804 225.440 for the 201~~43~~ control period. The new ~~CAIR NO_x affected~~ unit ~~will~~shall
1805 continue to receive CAIR NO_x allowances from the NUSA according to this
1806 Section until the unit is eligible to use the CAIR NO_x allowances allocated to the
1807 unit pursuant to Section 225.440-~~of this Subpart~~.
1808

1809 ~~ih~~ If, after the completion of the procedures in subsection (c) of this Section for a
1810 control period, any unallocated CAIR NO_x allowances remain in the NUSA for
1811 the control period, the Agency ~~will~~shall, at a minimum, accrue those CAIR NO_x
1812 allowances for future control period allocations to new ~~CAIR NO_x CAIR~~
1813 ~~NO_x affected~~ units. The Agency may from time to time elect to retire CAIR NO_x
1814 allowances in the NUSA that are in excess of 15,881 for the purposes of
1815 continued progress toward attainment and maintenance of National Ambient Air
1816 Quality Standards pursuant to the CAA.
1817

1818 Section 225.450 Monitoring, Recordkeeping and Reporting Requirements for Gross
1819 Electrical Output and Useful Thermal Energy
1820

1821 a) By January 1, ~~2008~~2007, or by the date of commencing commercial operation,
1822 whichever is later, the owner or operator of the ~~CAIR NO_x affected~~ unit ~~shall~~must
1823 ~~install, calibrate, maintain, and operate a~~ ~~system for accurately measuring gross~~
1824 ~~electrical output that is consistent with the requirements of either 40 CFR 60 or~~
1825 ~~75; wattmeter; and shall~~must measure gross electrical output in ~~MW-hrs using~~
1826 ~~such a system at all times~~ megawatt-hours ~~on a continuous basis~~; and ~~shall~~must
1827 record the output of the ~~measurement system~~wattmeter. If a generator is served
1828 by two or more units, the information to determine each unit's heat input for that
1829 control period ~~shall~~must also be recorded, so as to allow each unit's share of the
1830 gross electrical output to be determined. If heat input data is used, the owner or
1831 operator ~~shall~~must comply with the applicable provisions 40 CFR 75, as
1832 incorporated by reference in Section 225.140-~~of this Part~~.
1833

1834 b) For a ~~CAIR NO_x an affected~~ unit that is a cogeneration unit by January 1,
1835 ~~2008~~2007, or by the date the ~~CAIR NO_x affected~~ unit commences to produce
1836 useful thermal energy, whichever is later, the owner or operator of ~~a~~ ~~CAIR NO_x an~~

- 1837 ~~affected~~ unit with cogeneration capabilities ~~shall~~must install, calibrate, maintain,
1838 and operate meters for steam flow in lbs/hr, temperature in degrees Fahrenheit,
1839 and pressure in PSI, to measure and record the useful thermal energy that is
1840 produced, in mmBtu/hr, on a continuous basis. Owners and operators of a CAIR
1841 NO_xan-affected unit that produces useful thermal energy but uses an energy
1842 transfer medium other than steam, e.g., hot water ~~or~~, glycol, ~~shall~~must install,
1843 calibrate, maintain, and operate the necessary meters to measure and record the
1844 necessary data to express the useful thermal energy produced, in mmBtu/hr, on a
1845 continuous basis. If the CAIR NO_xaffected unit ceases to produce useful thermal
1846 energy, the owner or operator may cease operation of the meters, provided that
1847 operation of ~~thesesuch~~ meters ~~shall~~must be resumed if the CAIR NO_xaffected unit
1848 resumes production of useful thermal energy.
1849
- 1850 c) ~~By September 30, 2006, t~~The owner or operator of a CAIR NO_xan-affected unit
1851 ~~shall~~must ~~either report gross electrical output data to the Agency or comply with~~
1852 ~~the applicable provisions for providing heat input data to USEPA as follows:~~
1853
- 1854 1)- By June 1, 2007, the gross electrical output for control periods 2001, 2002,
1855 2003, 2004, and 2005, if available, and, ~~the unit's useful thermal energy~~
1856 ~~data, if applicable. If gross electric output is not available, heat input shall~~
1857 ~~be used for those control periods 2001, 2002, 2003, 2004, and 2005 for~~
1858 ~~which gross electrical output data is not available.~~ If a generator is served
1859 by two or more units, the documentation needed to determine each unit's
1860 share of the heat input of such units for that control period ~~shall~~must also
1861 be submitted. If heat input data is used, the owner or operator ~~shall~~must
1862 comply with the applicable provisions 40 CFR 75, as incorporated by
1863 reference in Section 225.140 ~~of this Part.~~
1864
- 1865 2) By June 1, 2008, the gross electrical output for control periods 2006 and
1866 2007, if available, and the unit's useful thermal energy data, if applicable.
1867 If a generator is served by two or more units, the documentation needed to
1868 determine each unit's share of the heat input of such units for that control
1869 period must also be submitted. If heat input data is used, the owner or
1870 operator must comply with t-he applicable provisions of 40 CFR 75, as
1871 incorporated by reference in Section 225.140.
1872
- 1873 d) Beginning with year ~~2008~~2007, the CAIR designated representative of the CAIR
1874 NO_xaffected unit ~~shall~~must submit to the Agency quarterly, by no later than
1875 ~~January 31,~~ April 30, July 31, ~~and~~ October 31, ~~and~~ January 31 of each year,
1876 information for the CAIR NO_xaffected unit's gross electrical output, on a monthly
1877 basis for the prior quarter, and, if applicable, the unit's useful thermal energy for
1878 each month.
1879
- 1880 e) The owner or operator of a CAIR NO_xan-affected unit ~~shall~~must maintain on-site
1881 the monitoring plan detailing the monitoring system, maintenance of the
1882 monitoring system, including quality assurance activities pursuant to the

1883 requirements of 40 CFR 60 ~~or~~ 75, as applicable, including the applicable
1884 provisions for the measurement of gross electrical output for the CAIR NO_x
1885 trading program and, if applicable, for new units. The monitoring plan must
1886 include, but is not limited to:

1887
1888 1) A description of the system to be used for the measurement of gross
1889 electrical output pursuant to Section 225.450(a), including a list of any
1890 data logging devices, solid-state kW meters, rotating kW meters,
1891 electromechanical kW meters, current transformers, transducers, potential
1892 transformers, pressure taps, flow ~~venture~~ venturi, orifice plates, flow
1893 nozzles, vortex meters, turbine meters, pressure transmitters, differential
1894 pressure transmitters, temperature transmitters, thermocouples, and
1895 resistance temperature detectors and any other equipment or methods used
1896 to accurately measure gross electrical output.

1897
1898 2) A certification statement by the CAIR designated representative that all
1899 components of the gross electrical output system have been tested to be
1900 accurate within three percent and that the gross electrical output system is
1901 accurate to within ten percent.

1902
1903 f) The owner or operator of a CAIR NO_x ~~an-affected~~ unit ~~shall~~must retain records for
1904 at least 5 years from the date the record is created or the data collected in
1905 subsections (a) and (b) of this Section, and the reports submitted to the Agency
1906 and USEPA in accordance with subsections (c) and (d) of this Section. The
1907 owner or operator of a CAIR NO_x ~~an-affected~~ unit ~~shall~~must retain the monitoring
1908 plan required in subsection (e) of this Section for at least five years from the date
1909 that it is replaced by a new or revised monitoring plan.

1910
1911
1912 Section 225.455 Clean Air Set-Aside (CASA)

1913
1914 a) A project sponsor may apply for allowances from the CASA for sponsoring an
1915 energy efficiency and conservation, renewable energy, or clean technology
1916 project as set forth in Section 225.460 ~~of this Subpart~~ by submitting the
1917 application required by Section 225.470 ~~of this Subpart~~.

1918
1919 b) Notwithstanding subsection (a) of this Section, a project sponsor with a CAIR
1920 NO_x ~~an-affected~~ source that is out of compliance with this Subpart for a given
1921 control period may not apply for allowances from the CASA for that control
1922 period. If a source receives CAIR NO_x allowances from CASA and then is
1923 subsequently found to have been out of compliance with this Subpart for the
1924 applicable control period or periods, the project sponsor must restore the CAIR
1925 NO_x allowances that it received pursuant to its CASA request or an equivalent
1926 number of CAIR NO_x allowances to the CASA within six months of receipt of an
1927 Agency notice that NO_x allowances must be restored ~~finding of noncompliance~~.

1928 These allowances willshall be assigned to the fund from which they were
1929 distributed.

1930
1931 c) ~~The Agency will not act as a mediator in situations where more than one project~~
1932 ~~sponsor requests CAIR NO_x allowances for the same project. If more than one~~
1933 ~~project sponsor submits an application for allowances for the same project for the~~
1934 ~~same control period, the Agency shall reject all such applications.~~

1935
1936 cd) CAIR NO_x allowances from CASA willshall be allocated in accordance with the
1937 procedures in Section 225.475 ~~of this Subpart.~~

1938
1939 de) The project sponsor may submit an application that aggregates two or more
1940 projects under a CASA project category that would individually result in less than
1941 one allowance, but that equal at a minimum one whole allowance when
1942 aggregated. ~~The Agency shall not allocate allowances for projects totaling less~~
1943 ~~than one whole allowance after rounding.~~

1944
1945 Section 225.460 Energy Efficiency and Conservation, Renewable Energy, and Clean
1946 Technology Projects

1947
1948 a) Energy efficiency and conservation project means any of the following projects
1949 implemented and located in Illinois:

1950
1951 1) Demand side management projects that reduce overall power demand by
1952 using less energy, include:

1953
1954 A) Smart building management software that more efficiently
1955 regulates power flows.

1956
1957 B) The use of or replacement to high efficiency motors, pumps,
1958 compressors, or steam systems.

1959
1960 C) Lighting retrofits.

1961
1962 2) Energy efficient new building construction projects include:

1963
1964 A) ENERGY STAR qualified new home projects.

1965
1966 B) Measures to reduce or conserve energy consumption beyond the
1967 requirements of the Illinois Energy Conservation Code for
1968 Commercial Buildings (20 ILCS 687/6-3).

1969
1970 C) New residential construction projects that qualify for Energy
1971 Efficient Tax Incentives pursuant to under the Energy Policy Act of
1972 2005, 42 U.S.C. §15801 (2005).

1973

- 1974
1975
1976
1977
1978
1979
1980
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
- 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 and located 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 and located in Illinois:
 - 1) Air pollution control equipment upgrades at existing coal-fired electric

2020 ~~generating unit~~EGUs, as follows: installation of flue gas desulfurization
2021 (FGD) for control of SO₂ emissions; installation of a baghouse for control
2022 of particulate matter emissions; and installation of selective catalytic
2023 reduction (SCR), selective non-catalytic reduction (SNCR), or other add-
2024 on control devices for control of NO_x emissions. For this purpose, a unit
2025 will be considered “existing” after it has been in commercial operation for
2026 at least eight years. Air pollution control upgrade projects do not include
2027 the addition of low NO_x burners, overfired air techniques, or gas reburning
2028 techniques for control of NO_x emissions; projects involving flue gas
2029 conditioning techniques or upgrades, or replacement of electrostatic
2030 precipitators; or addition of activated carbon injection or other sorbent
2031 injection system for control of mercury. ~~For this purpose, a unit will~~
2032 ~~be considered “existing” after it has been in commercial operation for at~~
2033 ~~least eight years.~~
2034
2035 2) Clean coal technologies projects include:
2036
2037 A) Integrated gasification combined cycle (IGCC) plants.
2038
2039 B) Fluidized bed coal combustion that commenced operation prior to
2040 December 31, 2006.
2041
2042 d) In addition to those projects excluded in subsections (a) through (c) of this
2043 Section, the following projects are also not eEnergy efficiency and conservation,
2044 renewable energy, or clean technology projects listed in subsection (a) through (e)
2045 of this Section shall not include:
2046
2047 1) Nuclear power projects;
2048
2049 2) Pprojects required to meet emission standards or technology requirements
2050 under State or federal law or regulation, except that allowances may be
2051 allocated for:
2052
2053 A) Tthe installation of a baghouse);
2054
2055 B) Projects undertaken pursuant to Section 225.233 or Subpart F.
2056
2057 3) Pprojects used to meet the requirements of a court order or consent decree,
2058 except that allowances may be allocated for:
2059
2060 A) Emission rates or limits achieved that are lower than what is
2061 required to meet the emission rates or limits for SO₂ or NO_x, or for
2062 installing a baghouse as provided for in a court order or consent
2063 decree entered into before May 30, 2006.
2064

2065 B) Projects used to meet the requirements of a court order or consent
 2066 decree entered into on or after May 30, 2006, if the court order or
 2067 consent decree does not specifically preclude such allocations.
 2068

2069 4) ~~Aa Supplemental Environmental Project (SEP).—CASA allowances shall~~
 2070 ~~not be allocated to such projects.~~
 2071

2072 e) Applications for projects implemented and located in Illinois that that are not
 2073 specifically listed in subsections (a) through (c) of this Section, and that are not
 2074 specifically excluded by definition in subsections (a) through (c) of this Section or
 2075 by specific exclusion in subsection (d) of this Section, may be submitted to the
 2076 Agency. ~~The~~~~Such~~ application ~~shall~~~~must~~ designate which category or categories
 2077 from those listed in subsections (a)(1) through (c)(2)(B) of this Section best fits
 2078 the proposed project and the applicable formula pursuant to~~under~~ Section
 2079 225.465(b) ~~of this Section~~ to calculate the number of allowances that it is
 2080 requesting. The Agency ~~will~~~~shall~~ determine whether the application is approvable
 2081 based on a sufficient demonstration by the project sponsor that the project is a
 2082 new type of energy efficiency, renewable energy, or clean technology project,
 2083 similar in its effects as the projects specifically listed in subsection (a) through (c)
 2084 of this Section.
 2085

2086 f) Early adopter projects include projects that meet the criteria for any energy
 2087 efficiency and conservation, renewable energy, or clean technology projects listed
 2088 in subsections (a) , (b), (c), and (e) of this Section and commence construction
 2089 between July 1, 2006, and December 31, 2012.
 2090

2091 Section 225.465 CASA Allowances

2092
 2093 a) The CAIR NO_x allowances for the CASA for each control period ~~will~~~~shall~~ be
 2094 assigned to the following categories of projects:

		Phase I (2009-2014)	Phase II (2015 and thereafter)
2096			
2097			
2098			
2099			
2100	1) Energy Efficiency and Conservation/ Renewable Energy	9149	7625
2101			
2102			
2103	2) Air Pollution Control Equipment Upgrades	3811	3175
2104			
2105			
2106	3) Clean Coal Technology	4573	3810
2107			
2108	4) Early Adopters	1525	1271
2109			

2110 b) The following formulas ~~must~~~~shall~~ be used to determine the number of CASA

2111 allowances that may be allocated to a project per control period:
2112

- 2113 1) For an energy efficiency and conservation project pursuant to Sections
2114 225.460(a)(1) through (a)(4)(A)(3) of this Subpart, the number of
2115 allowances ~~mustshall~~ be calculated using the number of megawatt hours of
2116 electricity that was not consumed during a control period and the
2117 following formula:
2118

$$2119 \quad A \quad = \quad (MWh_c) \times (1.5 \text{ lb/MWh}) / 2000 \text{ lb}$$

2120
2121 Where:

2122
2123 A = The number of allowances for a particular project.
2124 MWh_c = The number of megawatt hours of electricity
2125 conserved or generated during a control period by a
2126 project.
2127

- 2128 2) For a zero emission electric generating projects pursuant to Section
2129 225.460(b)(1) of this Subpart, the number of allowances ~~mustshall~~ be
2130 calculated using the number of megawatt hours of electricity generated
2131 during a control period and the following formula:
2132

$$2133 \quad A \quad = \quad (MWh_g) \times (2.0 \text{ lb/MWh}) / 2000 \text{ lb}$$

2134
2135 Where:

2136
2137 A = The number of allowances for a particular project
2138 MWh_g = The number of megawatt hours of electricity
2139 generated during a control period by a project.
2140

- 2141 3) For a renewable energy emission unit pursuant to Section 225.460(b)(2) of
2142 this Subpart, the number of allowances ~~mustshall~~ be calculated using the
2143 number of ~~MWh megawatt hour~~ of electricity generated during a control
2144 period and the following formula:
2145

$$2146 \quad A \quad = \quad (MWh_g) \times (0.5 \text{ lb/MWh}) / 2000 \text{ lb}$$

2147
2148 Where:

2149
2150 A = The number of allowances for a particular project.
2151 MWh_g = The number of MW hours of electricity generated
2152 during a control period by a project.
2153

- 2154 4) For an air pollution control equipment upgrade project pursuant to Section
2155 225.460(c)(1) of this Subpart, the number of allowances ~~willshall~~ be
2156 calculated as follows:

2157
2158
2159
2160
2161
2162
2163
2164
2165
2166
2167
2168
2169
2170
2171
2172
2173
2174
2175
2176
2177
2178
2179
2180
2181
2182
2183
2184
2185
2186
2187
2188
2189
2190
2191
2192
2193
2194
2195
2196
2197
2198
2199
2200
2201
2202

A) For NO_x or SO₂ control projects, by determining the difference in emitted NO_x or SO₂ per control period using the emission rate before and after replacement or improvement, and the following formula:

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

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

2203 particular project.
 2204 MWh_g = The number of ~~MWh~~ megawatt hours of
 2205 electricity generated during a control period
 2206 or the portion of a control period that the
 2207 units were controlled by the baghouse.
 2208 Q = 0.2, unless installed pursuant to a court order
 2209 or consent decree which does not specify a
 2210 factor, then Q = 0.05; or if installed
 2211 pursuant
 2212 to a consent decree or court order that does
 2213 specify a factor, then Q equals ~~a~~ the factor in
 2214 the consent decree or court order, not to
 2215 exceed 0.2.
 2216

2217 5) ~~A)~~ For highly efficient power generation and ~~clean coal-~~
 2218 ~~technology~~ IGCC projects:

2219
 2220 A) For projects other than fluidized bed coal combustion
 2221 pursuant to Sections 225.460(a)(4)(B), (a)(4)(C), and (c)(2) of this
 2222 Subpart, the number of allowances must shall be calculated using
 2223 the number of megawatt hours MWh of electricity the project
 2224 generates during a control period and the
 2225 following formula:

2226
 2227
$$A = (MWh_g) \times (1.0 \text{ lb/MWh} - ER \text{ lb/MWh}) / 2000 \text{ lb}$$

2228
 2229 Where:

2230
 2231 A = The number of allowances for a particular project.
 2232 MWh_g = The number of megawatt hours of electricity
 2233 generated during a control period by a project.
 2234 ER = Annual average NO_x emission rate based on CEMS
 2235 data in lb/MWh.
 2236

2237 B) For fluidized bed coal combustion projects pursuant to Section
 2238 225.460(c)(2) of this Subpart, the number of allowances shall be
 2239 calculated using the number of megawatt hours gross MWh of
 2240 electricity the project generates during a control period and the
 2241 following formula:

2242
 2243
$$A = (MWh_g) \times (1.4 \text{ lb/MWh} - ER \text{ lb/MWh}) / 2000 \text{ lb}$$

2244
 2245 Where:

2246
 2247 A = The number of allowances for a particular project.
 2248 MWh_g = The number of megawatt hours gross MWh

2249 of electricity generated during a control period by a
2250 project.
2251 ER = Annual average NO_x emission rate based on CEMS
2252 data in lb/MWh.

2253
2254 6) For a CASA project that commences~~ed~~ construction before December 31,
2255 2012, in addition to the allowances allocated pursuant to~~under~~ subsections
2256 (b)(1) through (b)(5) of this Section, a project sponsor may also request
2257 additional allowances pursuant to~~under~~ the early adopter project category
2258 pursuant to Section 225.460(e)-~~of this Section~~ based on the following
2259 formula:

2260
2261
$$A = 1.0 + 0.10 \times \Sigma A_i$$

2262
2263 Where:

2264
2265 A = The number of allowances for a particular project as
2266 determined in subsections (b)(1) through (b)(5) of
2267 this Section.

2268 A_i = The number of allowances as determined in
2269 subsection (b)(1), (b)(2), (b)(3), (b)(4), or (b)(5) of
2270 this Section for a given project.

2271
2272 Section 225.470 CASA Applications

2273
2274 a) A project sponsor may request allowances if the project commenced construction
2275 on or after the dates listed below. The project sponsor may request and be
2276 allocated allowances from more than one CASA category for a project, if
2277 applicable.

2278
2279 1) Demand side management, energy efficient new construction, and supply
2280 side energy efficiency and conservation projects that commenced
2281 construction on or after January 1, 2003;

2282
2283 2) Fluidized bed coal combustion projects, highly efficient power generation
2284 operations projects, or renewable energy emission units, which
2285 commenced construction on or after January 1, 2001; and

2286
2287 3) All other projects on or after July 1, 2006.

2288
2289 b) Beginning with the 2009 control period and each control period thereafter, a
2290 project sponsor may request allowances from the CASA. The application must be
2291 submitted to the Agency by May 1 of the control period for which the allowances
2292 are being requested.

2293

- 2294 c) The allocation willshall be based on the electricity conserved or generated in the
2295 control period preceding the calendar year in which the application is submitted.
2296 To apply for a CAIR NO_x allocation from the CASA, project sponsors must
2297 provide the Agency with the following information:
2298
- 2299 1) Identification of the project sponsor, including name, address, type of
2300 organization, certification that the project sponsor has met the definition of
2301 “project sponsor” as set forth in Section 225.130, and name(s) of the
2302 principals or corporate officials.
2303
 - 2304 2) The number of the CAIR NO_x general or compliance account for the
2305 project and the name of the associated CAIR account representative.
2306
 - 2307 3) A description of the project or projects, location, the role of the project
2308 sponsor in the projects, and a general explanation of how the amount of
2309 energy conserved or generated was measured, verified, and calculated, and
2310 the number of allowances requested ~~and the~~ with the supporting
2311 calculations. The number of allowances requested willshall be calculated
2312 using the applicable formula from Section 225.470(b) ~~of this Section~~.
2313
 - 2314 4) Detailed information to support the request for allowances, including the
2315 following types of documentation for the measurement and verification of
2316 the NO_x emissions reductions, electricity generated, or electricity
2317 conserved using established measurement verification procedures, as
2318 applicable. The measurement and verification required willshall depend
2319 on the type of project proposed.
2320
- 2321 A) As applicable, documentation of the project’s base and control
2322 period conditions and resultant base and control period energy
2323 data, using the procedures and methods included in *M&V*
2324 *Guidelines: Measurement and Verification for Federal Energy*
2325 *Projects*, incorporated by reference in Section 225.140 ~~of this Part~~,
2326 or other method approved by the Agency. Examples include:
2327
- 2328 i) Energy consumption and demand profiles;
2329
 - 2330 ii) Occupancy type;
2331
 - 2332 iii) Density and periods;
2333
 - 2334 iv) Space conditions or plant throughput for each operating
2335 period and season. (For example, in a building this would
2336 include the light level and color, space temperature,
2337 humidity and ventilation);
2338
 - 2339 v) Equipment inventory, nameplate data, location, condition;

- 2340 and
2341
2342 vi) Equipment operating practices (schedules and set points,
2343 actual temperatures/pressures).
2344
2345 B) Emissions data, including, if applicable, CEMS data;
2346
2347 C) Information for rated-energy efficiency including supporting
2348 documentation and calculations; and
2349
2350 D) Electricity, in MWh generated or conserved for the applicable
2351 control period.
2352
2353 5) Notwithstanding the requirements of subsections (c)(4) of this Section,
2354 applications for fewer than five allowances may propose other reliable and
2355 applicable methods of quantification acceptable to the Agency.
2356
2357 6) Any additional information requested by the Agency to determine the
2358 correctness of the requested number of allowances, including site
2359 information, project specifications, supporting calculations, operating
2360 procedures, and maintenance procedures.
2361
2362 7) The following certification by the responsible official for the project
2363 sponsor and the applicable CAIR account representative for the project:
2364
2365 “I am authorized to make this submission on behalf of the project sponsor
2366 and the holder of the CAIR NO_x general account or compliance account
2367 for which the submission is made. I certify under penalty of law that I
2368 have personally examined, and am familiar with the statements and
2369 information submitted in this application and all its attachments. Based on
2370 my inquiry of those individuals with primary responsibility for obtaining
2371 the information, I certify that the statements and information are to the
2372 best of my knowledge and belief true, accurate, and complete. I am aware
2373 that there are significant penalties for submitting false statements and
2374 information or omitting required statements and information.”
2375
2376 d) A project sponsor may request allowances from the CASA for each project a total
2377 number of control periods not to exceed the number of control periods listed
2378 below. After a project has been allocated allowances from CASA, subsequent
2379 requests for the project from the project sponsor shall must include the information
2380 required by subsections (c)(1), (c)(2), (c)(3), and (c)(7) of this Section, a
2381 description of any changes, or further improvements made to the project, and
2382 information specified in subsections (c)(5) and (c)(6) as specifically requested by
2383 the Agency.
2384

- 2385 1) For energy efficiency and conservation projects (except for efficient
2386 operation and renewable energy projects), for a total of eight control
2387 periods.
2388
2389 2) For early adopter projects, for a total of ten control periods.
2390
2391 3) For air pollution control equipment upgrades for a total of 15 control
2392 periods.
2393
2394 43) For renewable energy projects, clean coal technology, and highly efficient
2395 power generation projects, for each year that the project is in operation.
2396
2397 e) A project sponsor must keep copies of all CASA applications and the
2398 documentation used to support the application for at least five years.
2399

2400 Section 225.475 Agency Action on CASA Applications
2401

- 2402 a) By ~~September~~~~October~~ 1, 2009, and each ~~September~~~~October~~ 1 thereafter, the
2403 Agency willshall determine the total number of allowances that are approvable for
2404 allocation to project sponsors based upon the applications submitted pursuant to
2405 Section 225.470 ~~of this Subpart~~.
2406
2407 1) The Agency willshall determine the number of CAIR NO_x allowances that
2408 are approvable based on the formulas and the criteria for ~~thesesuch~~
2409 projects. The Agency willshall notify a project sponsor within 90 days
2410 after receipt of an application if the project is not approvable, the number
2411 of allowances requested is not approvable, or additional information is
2412 needed by the Agency to complete its review of the application.
2413
2414 2) If the total number of CAIR NO_x allowances requested for approved
2415 projects is less than or equal to the number of CAIR NO_x allowances in
2416 the CASA project category, the number of allowances that are approved
2417 willshall be allocated to each CAIR NO_x compliance or general account.
2418
2419 3) If more CAIR NO_x allowances are requested than the number of CAIR
2420 NO_x allowances in a given CASA project category, allowances willshall
2421 be allocated on a pro-rata basis based on the number of allowances
2422 available, subject to further adjustment as provided for by subsection (b)
2423 of this Section. CAIR NO_x allowances willshall be allocated, transferred,
2424 or used as whole allowances. The number of whole allowances willshall
2425 be determined by rounding down for decimals less than 0.5 and rounding
2426 up for decimals of 0.5 or greater.
2427
2428 b) For control periods 2011 and thereafter, if there are, after the completion of the
2429 procedures in subsection (a) of this Section for a control period, any CAIR NO_x
2430 allowances not allocated to a CASA project for the control period:

- 2431
2432
2433
2434
2435
2436
2437
2438
2439
2440
2441
2442
2443
2444
2445
2446
2447
2448
2449
2450
2451
2452
2453
2454
2455
2456
2457
2458
2459
2460
2461
2462
2463
2464
2465
2466
2467
2468
2469
2470
2471
2472
2473
2474
2475
2476
- 1) The remaining allowances will accrue in each CASA project category ~~will accrue~~ up to twice the number of allowances that are assigned to the project category each control period as set forth in Section 225.465 ~~of this Subpart~~.
 - 2) ~~For control period 2011 and thereafter, If any allowances remain after allocations pursuant to subsection (a) of this Section, the Agency in a project category that are in excess of twice the number assign for the control period as set forth in Section 225.465 of this Subpart will~~ shall be allocate these allowances pro-rata to projects that received fewer allowances than requested, based on the number of allowances not allocated but approved by the Agency for the project under CASA. No project may be allocated more allowances than approved by the Agency for the applicable redistributed to project categories that have fewer than twice the number of allowances assigned to that project category for the control period.
 - 3) ~~For control period 2011 and thereafter~~ If any allowances remain after the allocation of allowances pursuant to subsection (b)(2) of this Section, the Agency will ~~shall then distribute pro-rata the remaining~~ reallocate allowances ~~to projects that received fewer allowances than requested and approved on a pro-rata basis, based on the total number of approved allowances for the projects to project categories that have fewer than twice the number of allowances assigned to that project category. The pro-rata distribution will be based on the difference between two times the project category and the number of allowances that remain in the project category.~~
 - 4) ~~For control period 2011 and thereafter, if after the redistribution of allowances pursuant to subsection (b)(2) any allowances remain, these allowances shall be reassigned to project categories that have fewer than twice the number of allowances annually assigned to that project category as set forth in Section 225.465 of this Subpart, after the allocation in subsection (b)(3) of this Section.~~
 - 5) ~~The Agency shall repeat the process of allocating allowances to CASA projects that received fewer allowances than requested and approved, and reassigning allowances to project categories as set forth in subsections (b)(2), (b)(3), and (b)(4) of this Section, until no allowances remain to be reassigned between project categories and the approved allowance requests have been filled. If allowances still remain unallocated undistributed after the allocations and distributions in the above subsections are completed, the Agency may elect to retire the any CAIR NO_x allowances that have not been distributed to any CASA category remain after all approved requests for allowances have been met and each project category has accrued twice the number of allowances~~

2477 ~~assigned for that project category~~ to continue progress toward attainment
2478 or maintenance of the National Ambient Air Quality Standards pursuant to
2479 the CAA.

2480
2481 Section 225.480 Compliance Supplement Pool

2482
2483 In addition to the CAIR NO_x allowances allocated ~~pursuant to under~~ Section 225.4235 ~~of this~~
2484 ~~Subpart~~, the USEPA has allowed allocation of provided an additional 11,299 CAIR NO_x
2485 allowances in Illinois as a from the federal compliance supplement pool to Illinois for the control
2486 period in 2009. However, On January 1, 2009, the Agency will shall retire all 11,299 NO_x
2487 allowances for purposes of for public health and air quality improvements, none of these
2488 allowances will be allocated.

2489
2490 **SUBPART E: CAIR NO_x OZONE SEASON TRADING PROGRAM**

2491
2492 Section 225.500 Purpose

2493
2494 The purpose of this Subpart E is to control the seasonal emissions of nitrogen oxides (NO_x) from
2495 ~~electric generating unit~~EGUs by determining allocations and implementing the CAIR NO_x
2496 Ozone Season Trading Program.

2497
2498 Section 225.505 Applicability

2499
2500 a) Except as provided in subsections (b)(1), (b)(3), and (b)(4) of this Section:

2501
2502 1) The following units are CAIR NO_x Ozone Season units, and any source
2503 that includes one or more such units is a CAIR NO_x source subject to the
2504 requirements of this Subpart E: any stationary, fossil-fuel-fired boiler or
2505 stationary, fossil-fuel-fired combustion turbine serving at any time, since
2506 the later of November 15, 1990, or the start-up the unit's combustion
2507 chamber, a generator with nameplate capacity of more than 25 MWe
2508 producing electricity for sale.

2509
2510 2) If a stationary boiler or stationary combustion turbine that, pursuant to
2511 subsection (a)(1) of this Section, is not a CAIR NO_x Ozone Season unit
2512 begins to combust fossil fuel or to serve a generator with nameplate
2513 capacity of more than 25 MWe producing electricity for sale, the unit will
2514 become a CAIR NO_x Ozone Season unit as provided in subsection (a)(1)
2515 of this Section on the first date on which it both combusts fossil fuel and
2516 serves such generator.

2517
2518 b) The units that meet the requirements set forth in subsections (b)(1), (b)(3), and
2519 (b)(4) of this Section will are not be CAIR NO_x units and units that meet the
2520 requirements of subsections (b)(2) and (b)(5) of this Section are CAIR NO_x
2521 Ozone Season units:
2522

- 2523 1) Any unit that would otherwise be classified as ~~is~~ a CAIR NO_x Ozone
2524 Season unit pursuant to subsection (a)(1) or (a)(2) of this Section and:
2525
2526 A) Qualifies as a cogeneration unit during the 12-month period
2527 starting on the date the unit first produces electricity and
2528 continuing to qualify as a cogeneration unit; and
2529
2530 B) Does not serve at any time, since the later of November 15, 1990
2531 or the start-up of the unit's combustion chamber, a generator with
2532 nameplate capacity of more than 25 MWe supplying any calendar
2533 year more than one-third of the of the unit's potential electric
2534 output capacity or 219,000 MWh, whichever is greater, to any
2535 utility power distribution for sale.
2536
2537 2) If a unit qualifies as a cogeneration unit during the 12-month period
2538 starting on the date the unit first produces electricity and meets the
2539 requirements of subsection (b)(1) of this Section for at least one calendar
2540 year, but subsequently no longer meets all such requirements, the unit
2541 shall become a CAIR NO_x Ozone Season unit starting on the earlier of
2542 January 1 after the first calendar year during which the unit no longer
2543 qualifies as a cogeneration unit or January 1 after the first calendar year
2544 during which the unit no longer meets the requirements of subsection
2545 (b)(1)(B) of this Section.
2546
2547 3) Any unit that would otherwise be classified as ~~is~~ a CAIR NO_x Ozone
2548 Season unit pursuant to subsection (a)(1) or (a)(2) of this Section
2549 commencing operation before January 1, 1985 and:
2550
2551 A) Qualifies as a solid waste incineration unit; and
2552
2553 B) ~~With~~Has an average annual fuel consumption of non-fossil fuel for
2554 1985-1987 exceeding 80 percent (on a Btu basis) and an average
2555 annual fuel consumption of non-fossil fuel for any three
2556 consecutive calendar years after 1990 exceeding 80 percent (on a
2557 Btu basis).
2558
2559 4) Any unit that would otherwise be classified as ~~is~~ a CAIR NO_x Ozone
2560 Season unit under subsection (a)(1) or (a)(2) of this Section commencing
2561 operation on or after January 1, 1985; and
2562
2563 A) Qualifies as a solid waste incineration unit; and
2564
2565 B) ~~With~~Has an average annual fuel consumption of non-fossil fuel ~~the~~
2566 first three years of operation exceeding 80 percent (on a Btu basis)
2567 and an average annual fuel consumption of non-fossil fuel for any

2568 three consecutive calendar years after 1990 exceeding 80 percent
2569 (on a Btu basis).
2570
2571 5) If a unit qualifies as a solid waste incineration unit and meets the
2572 requirements of subsection (b)(3) or (b)(4) of this Section for at least three
2573 consecutive years, but subsequently no longer meets all such
2574 requirements, the unit shall become a CAIR NO_x Ozone Season unit
2575 starting on the earlier of January 1 after the first three consecutive calendar
2576 years after 1990 for which the unit has an average annual fuel
2577 consumption of fuel of 20 percent or more.
2578 a) ~~A fossil fuel-fired stationary boiler, combustion turbine or combined cycle system~~
2579 ~~is an electrical generating unit if it serves a generator that has a nameplate~~
2580 ~~capacity greater than 25 MWe and produces electricity for sale and is not included~~
2581 ~~in Appendix D of 35 Ill. Adm. Code Part 217. An electric generating unit is~~
2582 ~~subject to the CAIR NO_x Ozone Season Trading Program contained in this~~
2583 ~~Subpart and is a CAIR NO_x Ozone Season unit or affected unit for the purposes of~~
2584 ~~this Subpart.~~
2585
2586 b) ~~Notwithstanding subsection (a) of this Section, an EGU shall not be an affected~~
2587 ~~unit and is not subject to the CAIR NO_x Ozone Season Trading Program~~
2588 ~~contained in this Subpart if it meets the requirements of either subsection~~
2589 ~~(b)(1)(A) or (b)(2)(A) of this Section, as follows:~~
2590
2591 1) ~~A unit that:~~
2592
2593 A) ~~Meets the definition of a cogeneration unit in Section 225.130 of~~
2594 ~~this Part; and~~
2595
2596 i) ~~Qualifies as a cogeneration unit during the 12-month period~~
2597 ~~starting on the date the unit first produces electricity and~~
2598 ~~continues to qualify as a cogeneration unit; and~~
2599
2600 ii) ~~Does not serve at any time, since the later of November 15,~~
2601 ~~1990, or the start-up of the unit's combustion chamber, a~~
2602 ~~generator with a nameplate capacity of more than 25 MWe,~~
2603 ~~and which supplies in any calendar year more than one-~~
2604 ~~third of the unit's potential electrical output capacity or~~
2605 ~~219,000 MWh, whichever is greater, to a utility power~~
2606 ~~distribution system for sale.~~
2607
2608 B) ~~If a unit qualifies as a cogeneration unit during the 12-month~~
2609 ~~period starting on the date the unit first produces electricity but~~
2610 ~~subsequently no longer qualifies as a cogeneration unit, the unit~~
2611 ~~shall be subject to subsection (a) of this Section starting on the~~
2612 ~~January 1 after which the unit first no longer qualifies as a~~
2613 ~~cogeneration unit.~~

2614
2615
2616
2617
2618
2619
2620
2621
2622
2623
2624
2625
2626
2627
2628
2629
2630
2631
2632
2633
2634
2635
2636
2637
2638
2639
2640
2641
2642
2643
2644
2645
2646
2647
2648
2649
2650
2651
2652
2653
2654
2655
2656
2657
2658
2659

~~2) A unit that:~~

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

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

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

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

Section 225.510 Compliance Requirements

- a) The owner or operator of ~~a CAIR NO_x Ozone Season~~an affected unit ~~must~~shall comply with the requirements of the CAIR NO_x Ozone Season Trading Program for Illinois as set forth in this Subpart E and 40 CFR 96, subpart AAAA (CAIR NO_x Ozone Season Trading Program General Provisions) (excluding 40 CFR-~~§§~~ 96.304, 96.305(b)(2), and 96.306); 40 CFR 96, subpart BBBB (CAIR Designated Representative for CAIR NO_x Ozone Season Sources); 40 CFR 96, subpart FFFF (CAIR NO_x Ozone Season Allowance Tracking System); 40 CFR 96, subpart GGGG (CAIR NO_x Ozone Season Allowance Transfers); and 40 CFR -96, subpart HHHH (Monitoring and Reporting); as incorporated by reference in Section 225.140 ~~of this Part~~.
- b) Permit requirements:
 - 1) The ~~owner or operator~~owner or operator of each source with one or more ~~CAIR NO_x Ozone Season~~affected units at the source must apply for a permit issued by the Agency with federally enforceable conditions covering the CAIR NO_x Ozone Season Trading Program (“CAIR-~~NO_x Ozone Season~~ permit”) that complies with the requirements of Section 225.520 ~~of this Subpart~~ (Permit Requirements).
 - 2) The owner or operator of each ~~CAIR NO_x Ozone Season~~affected source and each ~~CAIR NO_x Ozone Season~~affected unit at the source must operate

2660 the CAIR NO_x Ozone Seasonaffected unit in compliance with itsueh
2661 CAIR NO_x Ozone Season permit.

2662
2663 c) Monitoring requirements:

- 2664
2665 1) The owner or operator of each CAIR NO_x Ozone Seasonaffected source
2666 and each CAIR NO_x Ozone Seasonaffected unit at the source must comply
2667 with the monitoring, reporting and recordkeeping requirements of 40 CFR
2668 96, subpart HHHH; 40 CFR 75; and Section 225.550 of this Subpart. The
2669 CAIR designated representative of each CAIR NO_x Ozone Seasonaffected
2670 source and each CAIR NO_x Ozone Seasonaffected unit at the source must
2671 comply with those sections of the monitoring, reporting, and
2672 recordkeeping requirements of 40 CFR -6, subpart HHHH, applicable to a
2673 CAIR designated representative.
2674
2675 2) The compliance of each CAIR NO_x Ozone Seasonaffected sourceunit with
2676 the CAIR NO_x Ozone Season emissions limitation pursuant tounder
2677 subsection (d) of this Section willshall be determined by the emissions
2678 measurements recorded and reported in accordance with 40 CFR 96,
2679 subpart HHHH.

2680
2681 d) Emission requirements:

- 2682
2683 1) By the allowance transfer deadline, November 30, 2009, and by
2684 November 30, of each subsequent year, if November 30 is a business
2685 day~~the allowance transfer deadline~~, the owner or operatorCAIR-designated
2686 representative of each CAIR NO_x Ozone Seasonaffected source and each
2687 CAIR NO_x Ozone Seasonaffected unit at the source mustshall hold
2688 allowances available for compliance deductions pursuant tounder 40 CFR
2689 §-96.354(a) in the CAIR NO_x Ozone Season source's compliance account.
2690 If November 30 is not a business day, the allowance transfer deadline is by
2691 midnight of the first business day thereafter. The allowance transfer
2692 deadline means by midnight of November 30 (if it is business day) or
2693 midnight of the first business day thereafter. The number of allowances
2694 held mayshall not be less than the tons of NO_x emissions for the control
2695 period from all CAIR NO_x Ozone Seasonaffected units at the CAIR NO_x
2696 Ozone Seasonaffected source, rounded to the nearest whole ton, as
2697 determined in accordance with 40 CFR 96, subpart HHHH, plus any
2698 number of allowances necessary to account for actual utilization including,
2699 but not limited to, testing, start-up, malfunction, and shut-down.
2700
2701 2) Each ton of NO_x emitted in excess of the number of CAIR NO_x Ozone
2702 Season allowances held at the allowance transfer deadline by the owner or
2703 operator for each CAIR NO_x Ozone Seasonaffected unit in its CAIR NO_x
2704 Ozone Season compliance account for each day of the applicable control
2705 period willshall constitute a separate violation of this Subpart E, and the

- 2706 Act, and the CAA.
- 2707
- 2708 3) Each CAIR NO_x Ozone Season~~affected~~ unit will~~shall~~ be subject to the
- 2709 monitoring ~~and compliance~~ requirements of subsections (c)(1) ~~and (d)(1)~~
- 2710 of this Section for the control period starting on the later of May~~January~~ 1,
- 2711 2009~~2009~~, or the deadline for meeting the unit's monitoring certification
- 2712 requirements pursuant to~~under~~ 40 CFR §-96.370(b)(1), (b)(2) or (b)(3) and
- 2713 for each control period thereafter.
- 2714
- 2715 4) CAIR NO_x Ozone Season allowances must~~shall~~ be held in, deducted from,
- 2716 or transferred into or among allowance accounts in accordance with this
- 2717 Subpart and 40 CFR 96, subparts FFFF and GGGG.
- 2718
- 2719 5) In order to comply with the requirements of subsection (d)(1) of this
- 2720 Section, a CAIR NO_x Ozone Season allowance may not be
- 2721 deducted~~utilized~~ for compliance according to subsection (d)(1) of this
- 2722 Section, for a control period in a calendar year before~~prior to~~ the year for
- 2723 which the CAIR NO_x Ozone Season allowance is allocated.
- 2724
- 2725 6) A CAIR NO_x Ozone Season allowance allocated by the Agency or
- 2726 USEPA pursuant to~~under the CAIR NO_x Ozone Season Trading Program~~
- 2727 is a limited authorization to emit one ton of NO_x in accordance with the
- 2728 CAIR NO_x Ozone Season Trading Program. No provision of the CAIR
- 2729 NO_x Ozone Season Trading Program, the CAIR NO_x Ozone Season
- 2730 permit application, the CAIR NO_x Ozone Season permit, or a retired unit
- 2731 exemption pursuant to~~under~~ 40 CFR §-96.305, and no provision of law,
- 2732 will~~shall~~ be construed to limit the authority of the United States or the
- 2733 State to terminate or limit this authorization.
- 2734
- 2735 7) A CAIR NO_x Ozone Season allowance allocated by the Agency or
- 2736 USEPA pursuant to~~under the CAIR NO_x Ozone Season Trading Program~~
- 2737 does not constitute a property right.
- 2738
- 2739 8) Upon recordation by USEPA pursuant to~~under~~ 40 CFR 96, subpart FFFF,
- 2740 or 40 CFR 96, subpart GGGG, every allocation, transfer, or deduction of a
- 2741 CAIR NO_x Ozone Season ~~an~~ allowance to or from a CAIR NO_x Ozone
- 2742 Season source compliance account is deemed to amend automatically, and
- 2743 become a part of, any CAIR NO_x Ozone Season permit of the CAIR NO_x
- 2744 Ozone Season~~affected~~ source. This automatic amendment of the CAIR
- 2745 NO_x Ozone Season permit will~~shall~~ be deemed an operation of law and
- 2746 will not require any further review.
- 2747
- 2748 e) Recordkeeping and reporting requirements:
- 2749
- 2750 1) Unless otherwise provided, the owner or operator of the CAIR NO_x Ozone
- 2751 Season~~affected~~ source and each CAIR NO_x Ozone Season~~affected~~ unit at

- 2752 the source ~~must~~ keep on site at the source each of the documents
2753 listed in subsections (e)(1)(A) through (e)(1)(E) of this Section for a
2754 period of five years from the date the document is created. This period
2755 may be extended for cause, at any time prior to the end of five years, in
2756 writing by the Agency or USEPA.
2757
- 2758 A) The certificate of representation for the CAIR designated
2759 representative for the source and each CAIR NO_x Ozone
2760 Season~~affected~~ unit at the source, all documents that demonstrate
2761 the truth of the statements in the certificate of representation,
2762 provided that the certificate and documents must be retained on
2763 site at the source beyond such five-year period until ~~the~~
2764 documents are superseded because of the submission of a new
2765 certificate of representation pursuant to~~under~~ 40 CFR §96.313,
2766 changing the CAIR designated representative.
2767
- 2768 B) All emissions monitoring information, in accordance with 40 CFR
2769 96, subpart HHHH.
2770
- 2771 C) Copies of all reports, compliance certifications, and other
2772 submissions and all records made or required pursuant to~~under~~ the
2773 CAIR NO_x Ozone Season Trading Program or documents
2774 necessary to demonstrate compliance with the requirements of the
2775 CAIR NO_x Ozone Season Trading Program or with the
2776 requirements of this Subpart E.
2777
- 2778 D) Copies of all documents used to complete a CAIR NO_x Ozone
2779 Season permit application and any other submission or documents
2780 used to demonstrate compliance pursuant to~~under~~ the CAIR NO_x
2781 Ozone Season Trading Program.
2782
- 2783 E) Copies of all records and logs for gross electrical output and useful
2784 thermal energy required by Section 225.550~~of this Subpart~~.
2785
- 2786 2) The CAIR designated representative of a CAIR NO_x Ozone Season
2787 affected source and each CAIR NO_x Ozone Season~~affected~~ unit at the
2788 source must submit to the Agency and USEPA the reports and compliance
2789 certifications required pursuant to~~under~~ the CAIR NO_x Ozone Season
2790 Trading Program, including those pursuant to~~under~~ 40 CFR 96, subpart
2791 HHHH and Section 225.550~~of this Subpart~~.
2792
- 2793 f) Liability:
2794
- 2795 1) No revision of a permit for a CAIR NO_x Ozone Season~~an affected~~ unit
2796 may~~shall~~ excuse any violation of the requirements of this Subpart E or the
2797 requirements of the CAIR NO_x Ozone Season Trading Program.

- 2798
2799 2) Each CAIR NO_x Ozone Season~~affected~~ source and each CAIR NO_x Ozone
2800 Season~~affected~~ unit ~~must~~shall meet the requirements of the CAIR NO_x
2801 Ozone Season Trading Program.
- 2802
2803 3) Any provision of the CAIR NO_x Ozone Season Trading Program that
2804 applies to a CAIR NO_x Ozone Season~~an-affected~~ source (including any
2805 provision applicable to the CAIR designated representative of a CAIR
2806 NO_x Ozone Season~~an-affected~~ source) ~~will~~shall also apply to the owner
2807 and operator of ~~thesueh~~ CAIR NO_x Ozone Season~~affected~~ source and to
2808 the owner and operator of each CAIR NO_x Ozone Season~~affected~~ unit at
2809 the source.
- 2810
2811 4) Any provision of the CAIR NO_x Ozone Season Trading Program that
2812 applies to a CAIR NO_x Ozone Season~~an-affected~~ unit (including any
2813 provision applicable to the CAIR designated representative of a CAIR
2814 NO_x Ozone Season~~an-affected~~ unit) ~~will~~shall also apply to the owner and
2815 operator of ~~thesueh~~ CAIR NO_x Ozone Season~~affected~~ unit. ~~Except with~~
2816 ~~regard to the requirements applicable to affected units with a common~~
2817 ~~stack under 40 CFR 96, subpart HHHH, the owner, the operator, and the~~
2818 ~~CAIR designated representative or alternate designated representative of~~
2819 ~~an affected unit shall not be liable for any violation by any other affected~~
2820 ~~unit of which they are not an owner or operator or the CAIR designated~~
2821 ~~representative.~~
- 2822
2823 5) The CAIR designated representative of a CAIR NO_x Ozone Season~~an~~
2824 ~~affected~~ unit that has excess emissions in any control period ~~must~~shall
2825 surrender the allowances as required for deduction ~~pursuant tounder~~ 40
2826 CFR §-96.354(d)(1).
- 2827
2828 6) The owner or operator of a CAIR NO_x Ozone Season~~an-affected~~ unit that
2829 has excess NO_x emissions in any control period ~~must~~shall pay any fine,
2830 penalty, or assessment or comply with any other remedy imposed ~~pursuant~~
2831 ~~tounder~~ the Act and 40 CFR §-96.354(d)(2).
- 2832
2833 g) Effect on other authorities. No provision of the CAIR NO_x Ozone Season
2834 Trading Program, a ~~CAIR-NO_x Ozone Season~~ permit application, a ~~CAIR-NO_x~~
2835 ~~Ozone Season~~ permit, or a retired unit exemption ~~pursuant tounder~~ 40 CFR-§
2836 96.305 ~~will~~shall be construed as exempting or excluding the owner and operator
2837 and, to the extent applicable, the CAIR designated representative of a CAIR NO_x
2838 Ozone Season ~~an-affected~~ source or a CAIR NO_x Ozone Season~~an-affected~~ unit,
2839 from compliance with any other regulation promulgated ~~pursuant tounder~~ the
2840 CAA, the Act, any State regulation or permit, or a federally enforceable permit.

2841 Section 225.515 Appeal Procedures
2842
2843

2844 The appeal procedures for decisions of USEPA pursuant to ~~under~~ the CAIR NO_x Ozone Season
2845 Trading Program are set forth in 40 CFR -78, as incorporated by reference in Section 225.140 ~~of~~
2846 ~~this Part.~~

2848 Section 225.520 Permit Requirements

2849 a) Permit requirements:

2852 1) The ~~owner or operator~~ ~~owner or operator~~ of each source with a CAIR NO_x
2853 Ozone Season ~~affected~~ unit is required to submit:

2855 A) ~~Aa~~ complete permit application addressing all applicable CAIR
2856 NO_x Ozone Season Trading Program requirements for a permit
2857 meeting the requirements of this Section 225.520, applicable to
2858 each CAIR NO_x Ozone Season ~~affected~~ unit at the source. Each
2859 CAIR NO_x Ozone Season permit ~~must~~ shall contain elements
2860 required for a complete CAIR NO_x Ozone Season permit
2861 application ~~pursuant to~~ subsection (b)(2) of this Section.

2863 B) Any supplemental information that the Agency determines
2864 necessary in order to review a CAIR permit application and issue
2865 any CAIR permit.

2867 2) Each CAIR NO_x Ozone Season permit will be issued pursuant to Section
2868 39 of 39.5 of the Act and will ~~shall~~ contain federally enforceable
2869 conditions addressing all applicable CAIR NO_x Ozone Season Trading
2870 Program requirements and will ~~shall~~ be a complete and segregable portion
2871 of the source's entire permit ~~pursuant to~~ subsection (a)(1) of this
2872 Section.

2874 3) No CAIR NO_x Ozone Season permit may ~~shall~~ be issued, and no CAIR
2875 NO_x Ozone Season compliance account may ~~shall~~ be established for a
2876 CAIR NO_x Ozone Season ~~affected~~ ~~source~~, until the Agency and USEPA
2877 have received a complete certificate of representation for a CAIR
2878 designated representative ~~pursuant to~~ 40 CFR -96, subpart BBBB,
2879 for the CAIR NO_x Ozone Season ~~affected~~ source and the CAIR NO_x
2880 Ozone Season ~~affected~~ unit at the source.

2882 4) For all CAIR NO_x Ozone Season ~~affected~~ units that commenced operation
2883 before July 1, 2007, the ~~owner or operator~~ ~~owner or operator~~ of ~~the~~ such
2884 unit must submit a CAIR NO_x Ozone Season permit application meeting
2885 the requirements of this Section 225.520 on or before July 1, 2007.

2887 5) For all ~~affected~~ units ~~and~~ that commence operation on or after July 1,
2888 2007~~8~~, the ~~owner or operator~~ ~~owner or operator~~ of ~~the~~ such units must
2889 submit applications for construction and operating permits pursuant to the

2890 requirements of Sections 39 and 39.5 of the Act, as applicable, and 35 Ill.
2891 Adm. Code 201, and thesueh applications must specify that they are
2892 applying for CAIR ~~NO_x Ozone Season~~ permits, and must address the
2893 CAIR ~~NO_x Ozone Season~~ permit application requirements of this Section
2894 225.520.

2895
2896 b) Permit applications:

- 2897
2898 1) Duty to apply. The ~~owner or operator~~ owner or operator of any source
2899 with one or more ~~CAIR NO_x Ozone Season affected~~ units mustshall
2900 submit to the Agency a CAIR ~~NO_x Ozone Season~~ permit application for
2901 the source covering each ~~CAIR NO_x Ozone Season affected~~ unit pursuant
2902 to under subsection (b)(2) of this Section by the applicable deadline in
2903 subsection (a)(4) or (a)(5) of this Section. The owner or operator of any
2904 source with one or more ~~CAIR NO_x Ozone Season affected~~ units mustshall
2905 reapply for a CAIR ~~NO_x Ozone Season~~ permit for the source as required
2906 by this Subpart, 35 Ill. Adm. Code 201, and, as applicable, Sections 39
2907 and 39.5 of the Act.
2908
2909 2) Information requirements for CAIR ~~NO_x Ozone Season~~ permit
2910 applications. A complete CAIR ~~NO_x Ozone Season~~ permit application
2911 mustshall include the following elements concerning the source for which
2912 the application is submitted:
2913
2914 A) Identification of the source, including plant name. The ORIS
2915 (Office of Regulatory Information Systems) or facility code
2916 assigned to the source by the Energy Information Administration
2917 mustshall also be included, if applicable;
2918
2919 B) Identification of each ~~CAIR NO_x Ozone Season affected~~ unit at the
2920 source; and
2921
2922 C) The compliance requirements applicable to each ~~CAIR NO_x Ozone~~
2923 ~~Season affected~~ unit as set forth in Section 225.510 ~~of this Subpart~~.
2924
2925 3) An application for a CAIR ~~NO_x Ozone Season~~ permit willshall be treated
2926 as a modification of the ~~CAIR NO_x Ozone Season affected~~ source's
2927 existing federally enforceable permit, if such a permit has been issued for
2928 that source, and willshall be subject to the same procedural requirements.
2929 When the Agency issues a CAIR ~~NO_x Ozone Season~~ permit pursuant to
2930 the requirements of this Section 225.520, it willshall be incorporated into
2931 and become part of that source's existing federally enforceable permit.
2932

2933 c) Permit content. Each CAIR permit is deemed to incorporate automatically the
2934 definitions and terms pursuant to Section 225.130~~120~~ and, upon recordation of
2935 USEPA under 40 CFR 96, Subparts FFFF and GGGG as incorporated by

2936 [reference in Section 225.140, every allocation, transfer, or deduction of a CAIR](#)
2937 [NO_x Ozone Season allowance to or from the compliance account of the CAIR](#)
2938 [NO_x Ozone Season source covered by the permit.](#)

2940 Section 225.525 Ozone Season Trading Budget

2941
2942 The CAIR NO_x Ozone Season Trading budget available for allowance allocations for each
2943 control period ~~will~~ be determined as follows:

- 2944
- 2945 a) The total base CAIR NO_x Ozone Season Trading budget is 30,701 tons per
2946 control period for the years 2009 through 2014, subject to a reduction for two set-
2947 asides, the NUSA and the CASA. Five percent of the budget ~~will~~ be
2948 allocated to the NUSA and 25 percent ~~will~~ be allocated to the CASA,
2949 resulting in a CAIR NO_x Ozone Season Trading budget available for allocation of
2950 21,491 tons per control period pursuant to Section 225.540-~~of this Subpart~~. The
2951 requirements of the NUSA are set forth in Section 225.545-~~of this Subpart~~, and
2952 the requirements of the CASA are set forth in Sections 225.555 through 225.570
2953 ~~of this Subpart~~.
- 2954
- 2955 b) The total base CAIR NO_x Ozone Season Trading budget is 28,981 tons per
2956 control period for the year 2015 and thereafter, subject to a reduction for two set-
2957 asides, the NUSA and the CASA. Five percent of the budget ~~will~~ be
2958 allocated to the NUSA and 25 percent ~~will~~ be allocated to the CASA,
2959 resulting, in a CAIR NO_x Ozone Season Trading budget available for allocation
2960 of 20,287 tons per control period pursuant to Section 225.540-~~of this Subpart~~.
- 2961
- 2962 c) If USEPA adjusts the total base CAIR NO_x Ozone Season Trading budget for any
2963 reason, the Agency ~~will~~ adjust the base CAIR NO_x Ozone Season Trading
2964 budget CAIR NO_x Ozone Season Trading budget available for allocation;
2965 accordingly.

2966

2967 Section 225.530 Timing for Ozone Season Allocations

- 2968
- 2969 a) ~~No later than April 30~~ ~~By July 31, 2007~~ ~~October 31, 2006~~, the Agency ~~will~~
2970 submit to USEPA the CAIR NO_x Ozone Season allowance allocations, in
2971 accordance with Sections 225.535 and 225.540-~~of this Subpart~~ for the 2009, 2010,
2972 and 2011 control periods.
- 2973
- 2974 b) By ~~October 31~~ ~~July 31, 2008~~ ~~2009~~, and ~~October~~ ~~July~~ 31 of each year thereafter, the
2975 Agency ~~will~~ submit to USEPA the CAIR NO_x Ozone Season allowance
2976 allocations in accordance with Sections 225.535 and 225.540-~~of this Subpart~~, for
2977 the control period ~~four~~ ~~three~~ years after the year of the applicable deadline for
2978 submission ~~pursuant to~~ ~~under~~ this Section 225.530. For example, ~~by October on~~
2979 ~~July 31, 2008~~ ~~2009~~, the Agency ~~will~~ submit to USEPA the allocation for the
2980 2012 control period.
- 2981

2982 c) ~~For The Agency will~~shall allocate allowances from the NUSA to CAIR NO_x
2983 Ozone Season~~affected~~ units that commence commercial operation on or after May
2984 1, 2006, ~~that have not been allocated allowances under Section 225.540 for the~~
2985 applicable or any preceding control period, the Agency will allocate allowances
2986 from the NUSA in accordance with Section 225.545. The Agency willshall report
2987 these allocations to USEPA by ~~July 31~~November 15 ~~of~~after the applicable control
2988 period. For example, on ~~July 31, 2009~~November 15, 2009, the Agency willshall
2989 submit to USEPA the allocations from the NUSA for the 2009 control period.

2990
2991 d) The Agency willshall allocate allowances from the CASA to energy efficiency,
2992 renewable energy, and clean technology projects pursuant to the criteria in
2993 Sections 225.555 through 225.570 ~~of this Subpart.~~ The Agency willshall report
2994 these allocations to USEPA by ~~October~~December 1 of each year. For example,
2995 on ~~October 1, 2009~~December 1, 2010, the Agency willshall submit to USEPA the
2996 allocations from the CASA for the ~~2009~~2010 control period, based on reductions
2997 made in the ~~2008~~2009 control period.

2999 Section 225.535 Methodology for Calculating Ozone Season Allocations

3000
3001 The Agency willshall calculate converted gross electrical output ~~(CGO)~~(CGO), in MWh, for
3002 each CAIR NO_x Ozone Season~~affected~~ unit that has operated during at least one control period
3003 prior to the calendar year in which the Agency reports the allocations to USEPA as follows:

3004
3005 a) For control periods 2009, 2010, and 2011, the owner or operator of the unit's
3006 must submit in writing to the Agency by June 1, 2007, a statement that either
3007 gross electrical output data or heat input is to be used to calculate converted gross
3008 electrical output ~~(CGO).~~ The data shall be used calculate converted gross
3009 electrical output pursuant to either subsection (a)(1) or (a)(2) of this Section:

3010
3011 1) Gross electrical output. If the unit has four or five control periods of data,
3012 then the gross electrical output (GO) willshall be the average of the unit's
3013 three highest gross electrical outputs from the 2001, 2002, 2003, 2004, or
3014 2005 control periods. If the unit has three or fewer control periods of
3015 gross electrical outputs, the gross electrical output willshall be the average
3016 of those control periods. If the unit does not have gross electrical output
3017 for the 2004 and 2005 control periods, the gross electrical output willshall
3018 be the gross electrical output from the 2005 control period. ~~If the unit~~
3019 ~~does not have gross electrical output, then heat input shall be used~~
3020 ~~pursuant to subsection (a)(2) of this Section.~~ If a generator is served by
3021 two or more units, then the gross electrical output of the generator
3022 willshall be attributed to each unit in proportion to the unit's share of the
3023 total control period heat input of ~~thesesuch~~ units for the control period.
3024 The unit's converted gross electrical output willshall be calculated as
3025 follows:

3026
3027 A) If the unit is coal-fired:

3028 CGO (in MWh) = GO (~~in~~ MWh) × 1.0;

3029

3030 B) If the unit is oil-fired:

3031 CGO (in MWh) = GO (~~in~~ MWh) × 0.6; ~~or~~

3032

3033 C) If the unit is neither coal-fired nor oil-fired:

3034 CGO (in MWh) = GO (~~in~~ MWh) × 0.4.

3035

3036 2) ~~If gross electrical output is not provided to the Agency, heat input (HI)~~
3037 ~~shall be used.~~ If the unit has four or five control periods of data, the
3038 average of the unit's three highest control period heat inputs from 2001,
3039 2002, 2003, 2004, or 2005 ~~will~~ shall be used. If the unit has heat input
3040 from the 2003, 2004, or 2005 control periods, the heat input shall be the
3041 average of those control periods. If the unit does not have heat input from
3042 the 2004 and 2005 control periods, the heat input from the 2005 control
3043 period ~~will~~ shall be used. The unit's converted gross electrical output
3044 ~~will~~ shall be calculated as follows:

3045

3046 A) If the unit is coal-fired:

3047 CGO (in MWh) = HI (in mmBtu) × 0.0967;

3048

3049 B) If the unit is oil-fired:

3050 CGO (in MWh) = HI (in mmBtu) × 0.0580; or

3051

3052 C) If the unit is neither coal-fired nor oil-fired:

3053 CGO (in MWh) = HI (in mmBtu) × 0.0387.

3054

3055 b) For control periods 2012 and 2013, the owner or operator of the unit must submit
3056 in writing to the Agency by June 1, 2008, a statement that either gross electrical
3057 output data or heat input data be used to calculate the unit's converted gross
3058 electrical output. The unit's converted gross electrical output shall be calculated
3059 pursuant to either subsection (b)(1) or (b)(2) of this Section:

3060

3061 1) Gross electrical output. The gross electrical output will be ~~the~~ the average of
3062 the unit's two most recent years of control period gross electrical output, if
3063 available; otherwise it will be the unit's most recent control period's gross
3064 electrical output. If a generator is served by two or more units, the gross
3065 electrical output of the generator shall be attributed to each unit in
3066 proportion to the unit's share of the total control period heat input of such
3067 units for the control period. The unit's converted gross electrical output
3068 ~~shall~~ will be calculated as follows:

3069

3070 A) If the unit is coal-fired:

3071 CGO (in MWh) = GO (~~in~~ MWh) × 1.0;

3072

3073 B) If the unit is oil-fired:

3074 CGO (in MWh) = GO (in MWh) × 0.6;

3075
3076 C) If the unit is neither coal-fired nor oil-fired:

3077 CGO (in MWh) = GO (in MWh) × 0.4.

3078
3079 2) Heat input. The heat input used will be the average of the unit's two
3080 most recent years of control period heat input; otherwise the unit's most
3081 recent control period's heat input, e.g. for the 2012 control period the
3082 average of the unit's heat inputs from the 2006 and 2007 control periods.
3083 If the unit does not have heat input from the 2006 and 2007 control
3084 periods, the heat input from the 2007 control period shall be used.
3085 The unit's converted gross electrical output shall be calculated as
3086 follows:

3087
3088 A) If the unit is coal-fired:

3089 CGO (in MWh) = HI (in mmBtu) × 0.0967;

3090
3091 B) If the unit is oil-fired:

3092 CGO (in MWh) = HI (in mmBtu) × 0.0580; or

3093
3094 C) If the unit is neither coal-fired nor oil-fired:

3095 CGO (in MWh) = HI (in mmBtu) × 0.0387.

3096
3097 c) For control period ~~2014~~2012 and thereafter, the unit's gross electrical output
3098 will be the average of the unit's two most recent control period's gross
3099 electrical output, if available, otherwise it will be the unit's most recent control
3100 period gross electrical output. If a generator is served by two or more units, the
3101 gross electrical output of the generator will be attributed to each unit in
3102 proportion to the unit's share of the total control period heat input of these
3103 units for the control period. The unit's converted gross electrical output will
3104 be calculated as follows:

3105
3106 1) If the unit is coal-fired:

3107 CGO (in MWh) = GO × 1.0;

3108
3109 2) If the unit is oil-fired:

3110 CGO (in MWh) = GO × 0.6; or

3111
3112 3) If the unit is neither coal-fired nor oil-fired:

3113 CGO (in MWh) = GO × 0.4.

3114
3115 de) For a unit that is a combustion turbine or boiler and has equipment used to
3116 produce electricity and useful thermal energy for industrial, commercial, heating,
3117 or cooling purposes through the sequential use of energy, the Agency will
3118 add the converted gross electrical output calculated for electricity pursuant to
3119 subsections (a), ~~or~~ (b), or (c) of this Section to the converted useful thermal

3120 energy (CUTE) to determine the total converted gross electrical output for the unit
3121 (TCGO). The Agency willshall determine the converted useful thermal energy by
3122 using the average of the unit's control period useful thermal energy for the prior
3123 two control periods, if available, otherwise the unit's control period useful
3124 thermal output for the prior year willshall be used. The converted useful thermal
3125 energy willshall be determined using the following equations:

- 3126
- 3127 1) If the unit is coal-fired:
3128 CUTE (in MWh) = UTE (in mmBtu) × 0.2930;
3129
- 3130 2) If the unit is oil-fired:
3131 CUTE (in MWh) = UTE (in mmBtu) × 0.1758; or
3132
- 3133 3) If the unit is neither coal-fired nor oil-fired:
3134 CUTE (in MWh) = UTE (in mmBtu) × 0.1172.
3135

3136 ed) The CAIR NO_x Ozone Seasonaffected unit's converted gross electrical output and
3137 converted useful thermal energy in subsections (a)(1), (b)(1), and (c), and (d) of
3138 this Section for each control period willshall be based on the best available data
3139 reported or available to the Agency for the CAIR NO_x Ozone Seasonaffected unit
3140 pursuant to the provisions of Section 225.550-of this Subpart.

3141

3142 f-e) The CAIR NO_x Ozone Seasonaffected unit's heat input in subsections (a)(2) and
3143 (b)(2) of this Section for each control period willshall be determined in
3144 accordance with 40 CFR 75, as incorporated by reference in Section 225.140-of
3145 this Part.

3146

3147 Section 225.540 Ozone Season Allocations
3148

3149 a) For the 2009 control period, and each control period thereafter, the Agency
3150 willshall allocate CAIR NO_x Ozone Season allowances to all CAIR NO_x Ozone
3151 Seasonaffected units in Illinois for which the Agency has calculated the total
3152 converted gross electrical output, including converted useful thermal energy, if
3153 any, as determined in pursuant to Section 225.535-of this Subpart, a total amount
3154 of CAIR NO_x Ozone Season allowances equal to tons of NO_x emissions in the
3155 CAIR NO_x Ozone Season Trading budget available for allocation as determined
3156 in Section 225.525-of this Subpart and as adjusted to add allowances not allocated
3157 pursuant to this Section 225.540**(b) in the pervious year's allocation.**-of this
3158 Subpart.

3159

3160 b) The Agency willshall allocate CAIR NO_x Ozone Season allowances to each
3161 CAIR NO_x Ozone Seasonaffected unit on a pro-rata basis using the unit's total
3162 converted gross electrical output calculated pursuant to Section 225.535, to the
3163 extent whole allowances may be allocated. of this Subpart.-The Agency will retain
3164 any additional allowances beyond this allocation of whole allowances for
3165 allocation pursuant to 225.540(a) in the next control periods. If there are

3166 ~~insufficient allowances to allocate whole allowances pro-rata, these such~~
3167 ~~unallocated allowances will shall be retained by the Agency and will shall be~~
3168 ~~available for allocation in later control periods.~~

3170 Section 225.545 New Unit Set-Aside (NUSA)

3171
3172 For the 2009 control period and each control period thereafter, the Agency ~~will shall~~ allocate
3173 CAIR NO_x Ozone Season allowances from the NUSA to ~~CAIR NO_x Ozone Season affected~~ units
3174 that commenced commercial operation on or after May 1, 2006, and do not yet have an
3175 allocation for the particular control period pursuant to Section 225.540 ~~of this Subpart~~, in
3176 accordance with the following procedures:

3177
3178 a) Beginning with the 2009 control period and each control period thereafter, the
3179 Agency ~~will shall~~ establish a separate NUSA for each control period. Each new
3180 unit set-aside ~~will shall~~ be allocated CAIR NO_x Ozone Season allowances equal to
3181 5 percent of the amount of tons of NO_x emissions in the base CAIR NO_x Ozone
3182 Season Trading budget in Section 225.525 ~~of this Subpart~~.

3183
3184 b) The CAIR designated representative of ~~such a new CAIR NO_x Ozone Season an~~
3185 ~~affected~~ unit may submit to the Agency a request, in a format specified by the
3186 Agency, to be allocated CAIR NO_x Ozone Season allowances from the NUSA
3187 starting with the first control period ~~after the control period~~ in which the new unit
3188 commences commercial operation and until the first control period for which the
3189 unit may use CAIR NO_x Ozone Season allowances allocated to the unit ~~pursuant~~
3190 ~~tounder~~ Section 225.540 ~~of this Subpart~~. The NUSA allowance allocation request
3191 may only be submitted after a new unit has operated during one control period,
3192 and no later than ~~March 1 of October 15 after~~ the control period for which
3193 allowances from the NUSA are being requested.

3194
3195 c) In a NUSA allowance allocation request ~~pursuant tounder~~ subsection (b) of this
3196 Section, the CAIR designated representative must ~~provide include~~ in its request
3197 ~~must provide in its request the~~ information for ~~the~~ gross electrical output and
3198 useful thermal energy, if any, for the new ~~CAIR NO_x Ozone Season affected~~ unit
3199 for that control period.

3200
3201 d) The Agency ~~will shall~~ allocate allowances from the NUSA to a new ~~CAIR NO_x~~
3202 ~~Ozone Season affected~~ unit using the following procedures:

3203
3204 1) For each new ~~CAIR NO_x Ozone Season affected~~ unit ~~that has operated~~
3205 ~~during at least one control period~~, the unit's gross electrical output for the
3206 most recent control period, ~~will shall~~ be used to calculate the unit's gross
3207 electrical output. If a generator is served by two or more units, the gross
3208 electrical output of the generator ~~will shall~~ be attributed to each unit in
3209 proportion to the unit's share of the total control period heat input of
3210 ~~thesesuch~~ units for the control period. The new unit's converted gross
3211 electrical output ~~will shall~~ be calculated as follows:

3212
3213
3214
3215
3216
3217
3218
3219
3220
3221
3222
3223
3224
3225
3226
3227
3228
3229
3230
3231
3232
3233
3234
3235
3236
3237
3238
3239
3240
3241
3242
3243
3244
3245
3246
3247
3248
3249
3250
3251
3252
3253
3254
3255

- A) If the unit is coal-fired:
CGO (in MWh) = GO × 1.0;
 - B) If the unit is oil-fired:
CGO (in MWh) = GO × 0.6; or
 - C) If the unit is neither coal-fired nor oil-fired:
CGO (in MWh) = GO × 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 (de)(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 (in MWh) = UTE (in mmBtu) × 0.2930;
 - B) If the unit is oil-fired:
CUTE (in MWh) = UTE (in mmBtu) × 0.1758; or
 - C) If the unit is neither coal-fired nor oil-fired:
CUTE (in MWh) = UTE (in mmBtu) × 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 Season~~affected~~ 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:

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

3256
3257
3258
3259
3260
3261
3262
3263
3264
3265
3266
3267
3268
3269
3270
3271
3272
3273
3274
3275
3276
3277
3278
3279
3280
3281
3282
3283
3284
3285
3286
3287
3288
3289
3290
3291
3292
3293
3294
3295
3296
3297
3298
3299
3300
3301

Where:

UA_y = un-prorated allocation to a new CAIR NO_x Ozone Season~~affected~~ unit.

$TCGO_y$ = total converted gross electrical output for a new CAIR NO_x Ozone Season~~affected~~ unit.

5) The Agency ~~will~~shall allocate CAIR NO_x Ozone Season allowances from the NUSA to new CAIR NO_x Ozone Season~~affected~~ 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 ~~units~~unit's requesting allowances, the Agency ~~will~~shall allocate the number of allowances using the un-prorated allocation determined for that unit ~~pursuant to~~in subsection (d)(4) of this Section, to the extent that whole allowances may be allocated. For any additional allowances beyond this allocation of whole allowances, the Agency will retain the additional allowances in the NUSA for allocation pursuant to Section 225.545 in later control periods. ~~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 Season~~affected~~ units requesting allocations, the Agency ~~will~~shall allocate the available allowances for new CAIR NO_x Ozone Season~~affected~~ units on a pro-rata basis, using the un-prorated allocation determined for that unit pursuant to subsection (d)(4) of this Section, to the extent that whole allowances may be allocated. For any additional allowances beyond this allocation of whole allowances, the Agency will retain the additional allowances in the NUSA for allocation pursuant to Section 225.545 in later control periods. ~~If there are insufficient allowances to allocate whole allowances, the such unallocated allowances will~~shall be retained by the Agency and will~~shall 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 will~~shall reduce the unit's allocation from the NUSA for the current control period to account for the excess allowances

3302 ~~allocated in the prior control period or periods.~~

3303

3304 e) The Agency ~~will~~ review each NUSA allowance allocation request ~~pursuant~~
3305 ~~to under~~ subsection (b) of this Section. The Agency ~~will~~ accept a NUSA
3306 allowance allocation request only if the request meets, or is adjusted by the
3307 Agency as necessary to meet, the requirements of this Section ~~225.545~~.

3308

3309 f) By ~~June 1 of November 8 after~~ the applicable control period, the Agency ~~will~~
3310 notify each CAIR designated representative that submitted a NUSA allowance
3311 request of the amount of CAIR NO_x Ozone Season allowances from the NUSA, if
3312 any, allocated for the control period to the new unit covered by the request.

3313

3314 g) The Agency ~~will~~ allocate CAIR NO_x Ozone Season allowances to new units
3315 from the NUSA no later than ~~July 31 of November 15 after~~ the applicable control
3316 period.

3317

3318 h) After a new ~~CAIR NO_x Ozone Season affected~~ unit has operated in one control
3319 period, it becomes an existing unit for the purposes of Section 225.540 ~~of this~~
3320 ~~Subpart~~ only, and the Agency ~~will~~ allocate CAIR NO_x Ozone Season
3321 allowances for that unit, for the control period commencing four years in the
3322 future pursuant to Section 225.540 ~~of this Subpart~~. The new ~~CAIR NO_x Ozone~~
3323 ~~Season affected~~ unit ~~will~~ continue to receive CAIR NO_x Ozone Season
3324 allowances from the NUSA according to this Section until the unit is eligible to
3325 use the CAIR NO_x Ozone Season allowances allocated to the unit pursuant to
3326 Section 225.540 ~~of this Subpart~~.

3327

3328 i) If, after the completion of the procedures in subsection (c) of this Section for a
3329 control period any unallocated CAIR NO_x Ozone Season allowances remain in
3330 the NUSA for the control period, the Agency ~~will~~, at a minimum, accrue
3331 those CAIR NO_x Ozone Season allowances for future control period allocations to
3332 new ~~CAIR NO_x Ozone Season affected~~ units. The Agency may from time to
3333 time elect to retire CAIR NO_x Ozone Season allowances in the NUSA that are in
3334 excess of 7,245 for the purposes of continued progress toward attainment and
3335 maintenance of National Ambient Air Quality Standards pursuant to the CAA.

3336

3337 Section 225.550 Monitoring, Recordkeeping and Reporting Requirements for Gross
3338 Electrical Output and Useful Thermal Energy

3339

3340 a) By January 1, ~~2008 2007~~, or by the date of commencing commercial operation,
3341 whichever is later, the owner or operator of a ~~CAIR NO_x Ozone Season an~~
3342 ~~affected~~ unit ~~must~~ ~~install, calibrate, maintain, and~~ operate a ~~system for~~
3343 ~~accurately measuring gross electrical output that is consistent with the~~
3344 ~~requirements of either 40 CFR 60 or 75 wattmeter; and must~~ measure gross
3345 electrical output in ~~MW-hrs using such a system at all times megawatt-hours on a~~
3346 ~~continuous basis; and must~~ record the output of the ~~measurement~~
3347 ~~system wattmeter~~. If a generator is served by two or more units, the information

3348 to determine each unit's heat input for that control period mustshall also be
3349 recorded, so as to allow each unit's share of gross electrical output to be
3350 determined. If heat input data is used, the owner or operator mustshall comply
3351 with the applicable provisions 40 CFR 75, as incorporated by reference in Section
3352 225.140 ~~of this Part.~~

3353
3354 b) For a ~~CAIR NO_x Ozone Season~~~~an-affected~~ unit that is a cogeneration unit: by 60
3355 days after the effective date of this rule, January 1, 2007, or by the date the CAIR
3356 NO_x Ozone Season~~affected~~ unit commences to produce useful thermal energy,
3357 whichever is later, the owner or operator of a CAIR NO_x Ozone Season~~an~~
3358 ~~affected~~ unit with cogeneration capabilities mustshall install, calibrate, maintain,
3359 and operate meters for steam flow in lbs/hr, temperature in degrees Fahrenheit,
3360 and pressure in PSI, to measure and record the useful thermal energy that is
3361 produced, in mmBtu/hr, on a continuous basis. Owners and operators of a CAIR
3362 NO_x Ozone Season~~an-affected~~ unit that produces useful thermal energy but uses
3363 an energy transfer medium other than steam, e.g., hot water, or glycol, mustshall
3364 install, calibrate, maintain, and operate the necessary meters to measure and
3365 record the necessary data to express the useful thermal energy produced, in
3366 mmBtu/hr, on a continuous basis. If the CAIR NO_x Ozone Season~~affected~~ unit
3367 ceases to produce useful thermal energy, the owner or operator may cease
3368 operation of the se meters, provided that operation of such meters mustshall be
3369 resumed if the CAIR NO_x Ozone Season~~affected~~ unit resumes production of
3370 useful thermal energy.

3371
3372 c) ~~By September 30, 2006,~~ The owner or operator of a CAIR NO_x Ozone Season~~an~~
3373 ~~affected~~ unit mustshall either report gross electrical output data to the Agency or
3374 comply with the applicable provisions for providing heat input data to USEPA as
3375 follows:

3376
3377 1) By June 1, 2007, ~~the gross electrical output for control periods 2001,~~
3378 ~~2002, 2003, 2004,~~ and 2005, if available, and, ~~the unit's useful thermal~~
3379 ~~energy data, if applicable. If gross electric output is not available, heat~~
3380 ~~input shall be used for control periods 2001, 2002, 2003, 2004, and 2005~~
3381 ~~that gross electrical output is not available.~~ If a generator is served by two
3382 or more units, the documentation needed to determine each unit's share of
3383 the heat input of such units for that control period mustshall also be
3384 submitted. If heat input data is used, the owner or operator mustshall
3385 comply with the applicable provisions 40 CFR 75, as incorporated by
3386 reference in Section 225.140 ~~of this Part.~~

3387
3388 2) By June 1, 2008, the gross electrical output for control periods 2006 and
3389 2007, if available, and the unit's useful thermal energy data, if applicable.
3390 If a generator is served by two or more units, the documentation needed to
3391 determine each unit's share of the heat input of such units for that control
3392 period must also be submitted. If heat input data is used, the owner or

3393 operator must comply with the applicable provisions of 40 CFR 75, as
3394 incorporated by reference in Section 225.140.

3395
3396

3397 d) Beginning with calendar year ~~2008~~2007, the CAIR designated representative of
3398 the CAIR NO_x Ozone Season~~affected~~ unit must~~shall~~ submit to the Agency
3399 quarterly, by no later than ~~January 31~~, April 30, July 31, ~~and~~ October 31, and
3400 January 31 of each year, information for the CAIR NO_x Ozone Season~~affected~~
3401 unit's gross electrical output, on a monthly basis for the prior quarter, and, if
3402 applicable, the unit's useful thermal energy for each month.

3403

3404 e) The owner or operator of a CAIR NO_x Ozone Season~~an-affected~~ unit must~~shall~~
3405 maintain on-site the monitoring plan detailing the monitoring system,
3406 maintenance of the monitoring system, including quality assurance activities:
3407 pursuant to the requirements of 40 CFR 60 ~~or~~ 75, as applicable, including the
3408 applicable provisions for the measurement of gross electrical output for the CAIR
3409 NO_x Ozone Season trading program and, if applicable, for new units. The
3410 monitoring plan must include, but is not limited to:

3411

3412 1) A description of the system to be used for the measurement of gross
3413 electrical output pursuant to Section 225.5450(a), including a list of any
3414 data logging devices, solid-state kW meters, rotating kW meters,
3415 electromechanical kW meters, current transformers, transducers, potential
3416 transformers, pressure taps, ~~flow-venturi~~ venturi, orifice plates, flow
3417 nozzles, vortex meters, turbine meters, pressure transmitters, differential
3418 pressure transmitters, ~~te~~temperature transmitters, thermocouples, and
3419 resistance temperature detectors and any other equipment or methods used
3420 to accurately measure gross electrical output.

3421

3422 2) A certification statement by the CAIR designated representative that all
3423 components of the gross electrical output system have been tested to be
3424 accurate within three percent and that the gross electrical output system is
3425 accurate to within ten percent.

3426

3427 f) The owner or operator of a CAIR NO_x Ozone Season~~an-affected~~ unit must~~shall~~
3428 retain records for at least 5 years from the date the record is created or the data
3429 collected in subsections (a) and (b) of this Section, and the reports submitted to
3430 the Agency and USEPA in accordance with subsections (c) and (d) of this
3431 Section. The owner or operator of a CAIR NO_x Ozone Season~~an-affected~~ unit
3432 must~~shall~~ retain the monitoring plan required in subsection (e) of this Section for
3433 at least five years from the date that it is replaced by a new or revised monitoring
3434 plan.

3435

3436 Section 225.555 Clean Air Set-Aside (CASA)

3437

- 3438 a) A project sponsor may apply for allowances from the CASA for sponsoring an
3439 energy efficiency and conservation, renewable energy, or clean technology
3440 project as set forth ~~in~~ Section 225.560 ~~of this Subpart~~ by submitting the
3441 application required by Section 225.570 ~~of this Subpart~~.
3442
- 3443 b) Notwithstanding subsection (a) of this Section, a project sponsor with a CAIR
3444 NO_x Ozone Season ~~an affected~~ source that is out of compliance with this Subpart
3445 for a given control period may not apply for allowances from the CASA for that
3446 control period. If a source receives CAIR NO_x allowances from CASA and then
3447 is subsequently found to have been out of compliance with this Subpart for the
3448 applicable control period or periods, the project sponsor must restore the CAIR
3449 NO_x allowances that it received pursuant to its CASA request or an equivalent
3450 number of CAIR NO_x allowances to the CASA within six months of receipt of an
3451 Agency notice that NO_x allowances must be restored ~~finding of noncompliance~~.
3452 These allowances will ~~shall~~ be assigned to the fund from which they were
3453 distributed.
3454
- 3455 c) ~~The Agency will not act as a mediator in situations where more than one project~~
3456 ~~sponsor requests CAIR NO_x allowances for the same project. If more than one~~
3457 ~~project sponsor submits an application for allowances for the same project for the~~
3458 ~~same control period, the Agency shall reject all such applications.~~
3459
- 3460 ~~d)~~ CAIR NO_x allowances from CASA will ~~shall~~ be allocated in accordance with the
3461 procedures in Section 225.575 ~~of this Subpart~~.
3462
- 3463 de) The project sponsor may submit an application that aggregates two or more
3464 projects under a CASA project category that would individually result in less than
3465 one allowance, but that equal at a minimum one whole allowance when
3466 aggregated. ~~The Agency shall not allocate allowances for projects totaling less~~
3467 ~~than one whole allowance after rounding.~~
3468

3469 Section 225.560 Energy Efficiency and Conservation, Renewable Energy, and Clean
3470 Technology Projects
3471

- 3472 a) Energy efficiency and conservation project means any of the following projects
3473 implemented and located in Illinois:
3474
- 3475 1) Demand side management projects that reduce the overall power demand
3476 by using less energy include:
3477
- 3478 A) Smart building management software that more efficiently
3479 regulates power flows.
3480
- 3481 B) The use of or replacement to high efficiency motors, pumps,
3482 compressors, or steam systems.
3483

3530 than 50 percent of the heat input, on an annual basis, from dedicated crops
3531 grown for energy production or the capture systems for methane gas from
3532 landfills, water treatment plants or sewage treatment plants, and organic
3533 waste biomass, and other similar sources of non-fossil fuel energy.
3534 Renewable energy projects do not include energy from incineration by
3535 burning or heating of waste wood, tires, garbage, general household,
3536 institutional lunchroom or office waste, landscape waste, or construction
3537 or demolition debris.
3538

3539 c) Clean technology project for reducing emissions from producing electricity and
3540 useful thermal energy means any of the following projects implemented and
3541 located in Illinois:

3542
3543 1) Air pollution control equipment upgrades for control of NO_x emissions at
3544 existing coal-fired ~~electric generating unit~~EGUs, as follows: installation of
3545 a selective catalytic reduction (SCR) or selective non-catalytic reduction
3546 (SNCR) system, or other emission control technologies. For this purpose,
3547 a unit will be considered "existing" after it has been in commercial
3548 operation for at least eight years. Air pollution control upgrades do not
3549 include the addition of low NO_x burners, overfired air techniques, gas
3550 reburning techniques, flue gas conditioning techniques for the control of
3551 NO_x emissions, projects involving upgrades or replacement of electrostatic
3552 precipitators, or ~~addition of control equipment, such as~~ activated carbon
3553 injection, ~~or other sorbent injections specifically used~~ for control of
3554 mercury. For this purpose, a unit will shall be considered "existing" after it
3555 has been in commercial operation for at least eight years.
3556

3557 2) Clean coal technologies projects include:

3558 A) Integrated gasification combined cycle (IGCC) plants.

3559 B) Fluidized bed coal combustion that commenced operation prior to
3560 December 31, 2006.
3561

3562 d) In addition to those projects excluded in subsections (a) through (c) of this
3563 Section, the following projects are also not eEnergy efficiency and conservation,
3564 renewable energy, or clean technology projects ~~listed in subsection (a) through (c)~~
3565 ~~of this Section shall not include:~~
3566

3567 1) Nnuclear power projects;
3568

3569 2) Pprojects required to meet emission standards or technology requirements
3570 under State or federal law or regulation, except that allowances may be
3571 allocated for projects undertaken pursuant to Section 225.233 or Subpart
3572 F.
3573
3574
3575

3576 3) Projects used to meet the requirements of a court order or consent decree,
3577 except that allowances may be allocated for:

3578
3579 A) Emission rates or limits achieved that are lower than what is
3580 required to meet the emission rates or limits for SO₂ or NO_x, or for
3581 installing a baghouse as provided for in a court order or consent
3582 decree entered into before May 30, 2006.

3583
3584 B) Projects used to meet the requirements of a court order or consent
3585 decree entered into on or after May 30, 2006, if the court order or
3586 consent decree does not specifically preclude such allocations.

3587
3588 4) Aa Supplemental Environmental Project (SEP). ~~CASA allowances shall~~
3589 ~~not be allocated to such projects.~~

3590
3591 e) Applications for projects implemented and located in Illinois that that are not
3592 specifically listed in subsections (a) through (c) of this Section, and that are not
3593 specifically excluded by definition in subsections (a) through (c) of this Section or
3594 by specific exclusion in subsection (d) of this Section, may be submitted to the
3595 Agency. The~~Such~~ application must~~shall~~ designate which category or categories
3596 from those listed in subsections (a)(1) through (c)(2)(B) of this Section best fits
3597 the proposed project and the applicable formula pursuant to~~under~~ Section
3598 225.565(b) of this Section to calculate the number of allowances that it is
3599 requesting. The Agency will~~shall~~ determine whether the application is approvable
3600 based on a sufficient demonstration by the project sponsor that the project is a
3601 new type of energy efficiency, renewable energy, or clean technology project,
3602 similar in its effects as the projects specifically listed in subsection (a) through (c)
3603 of this Section.

3604
3605 f) Early adopter projects include projects that meet the criteria for any energy
3606 efficiency and conservation, renewable energy, or clean technology projects listed
3607 in subsections (a), (b), (c), and (e) of this Section and commence construction
3608 between July 1, 2006, and December 31, 2012.

3610 Section 225.565 CASA Allowances

3611
3612 a) The CAIR NO_x allowances for the CASA for each control period will~~shall~~ be
3613 assigned to the following categories of projects:

	Phase I (2009-2014)	Phase II (2015 and thereafter)
3614		
3615		
3616		
3617		
3618		
3619	1) Energy Efficiency and Conservation/	3684
3620	Renewable Energy	3479
3621		

3622	2)	Air Pollution Control Equipment	1535	1448
3623		Upgrades		
3624				
3625	3)	Clean Coal Technology Projects	1842	1738
3626				
3627	4)	Early Adopters	614	580
3628				

3629 b) The following formulas mustshall be used to determine the number of CASA
3630 allowances that may be allocated to a project per control period:

3631
3632 1) For an energy efficiency and conservation project pursuant to Sections
3633 225.560(a)(1) through (a)(4)(A)3) of this Subpart, the number of
3634 allowances mustshall be calculated using the number of megawatt hours of
3635 electricity that was not consumed during a control period and the
3636 following formula:

$$3637 \quad A = (MWh_c) \times (1.5 \text{ lb/MWh}) / 2000 \text{ lb}$$

3638
3639
3640 Where:

3641
3642 A = The number of allowances for a particular project.
3643 MWh_c = The number of megawatt hours of electricity
3644 conserved or generated during a control period by a
3645 project.

3646
3647 2) For a zero emission electric generating projects pursuant to Section
3648 225.560(b)(1) of this Subpart, the number of allowances mustshall be
3649 calculated using the number of megawatt hours of electricity generated
3650 during a control period and the following formula:

$$3651 \quad A = (MWh_g) \times (2.0 \text{ lb/MWh}) / 2000 \text{ lb}$$

3652
3653
3654 Where:

3655
3656 A = The number of allowances for a particular project
3657 MWh_g = The number of megawatt hours of electricity
3658 generated during a control period by a project.

3659
3660 3) For a renewable energy emission unit pursuant to Section 225.560(b)(2) of
3661 this Subpart, the number of allowances mustshall be calculated using the
3662 number of megawatt hours of electricity generated during a control period
3663 and the following formula:

$$3664 \quad A = (MWh_g) \times (0.5 \text{ lb/MWh}) / 2000 \text{ lb}$$

3665
3666
3667 Where:

3668
3669
3670
3671
3672
3673
3674
3675
3676
3677
3678
3679
3680
3681
3682
3683
3684
3685
3686
3687
3688
3689
3690
3691
3692
3693
3694
3695
3696
3697
3698
3699
3700
3701
3702
3703
3704
3705
3706
3707
3708
3709
3710
3711
3712
3713

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 ~~must~~shall 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 ~~MWh~~megawatt hour of electricity generated during a control period by a project.
ER_B = Average NO_x 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 consent decree or court order. For units subject to a consent decree or court order, entered into before May 30, 2006, ER_B is limited to emission rates or limits that are lower than the emission rate or limit required in the consent decree or court order. On or after May 30, 2006, ER_B is limited to emission rates or limits specified in the consent decree or court order. If such limit is not expressed in lb/MWh, the limit shall be converted into lb/MWh using a heat rate of 10 mmBtu/1 MW.
ER_A = Average NO_x emission rate for the applicable control period data based on CEMS data in lb/MWh.

5) ~~A)~~ For highly efficient power generation and clean coal ~~technology~~IGCC projects:

A) For projects other than fluidized bed coal combustion pursuant to Sections 225.560(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-MWh of electricity the project generates during a control period and the following formula:

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

3714
3715
3716
3717
3718
3719
3720
3721
3722
3723
3724
3725
3726
3727
3728
3729
3730
3731
3732
3733
3734
3735
3736
3737
3738
3739
3740
3741
3742
3743
3744
3745
3746
3747
3748
3749
3750
3751
3752
3753
3754
3755
3756
3757
3758

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 = Average NO_x emission rate for the control period based on CEMS data in lb/MWh.

B) For fluidized bed coal combustion projects pursuant to Section 225.560(c)(2) of this Subpart, the number of allowances shall be calculated using the number of megawatt hours-gross MWh of electricity the -project generates during a control period and the following formula:

A = (MWh_g) × (1.4 lb/MWh – ER lb/MWh) / 2000 lb

Where:

- A = The number of allowances for a particular project.
- MWh_g = The number of megawatt hours-gross MWh of electricity generated during a control period by a project.
- ER = Average NO_x emission rate for the control period 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 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 × Σ 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 225.570 CASA Applications

- 3759 a) A project sponsor may request allowances if the project commenced construction
3760 on or after the dates listed below. The project sponsor may request and be
3761 allocated allowances from more than one CASA category for a project, if
3762 applicable.
3763
- 3764 1) Demand side management, energy efficient new construction, and supply
3765 side energy efficiency and conservation projects that commenced
3766 construction on or after January 1, 2003;
3767
- 3768 2) Fluidized bed coal combustion projects, highly efficient power generation
3769 operations projects, or renewable energy emission units, which
3770 commenced construction on or after January 1, 2001; and
3771
- 3772 3) All other projects on or after July 1, 2006.
3773
- 3774 b) Beginning with the 2009 control period and each control period thereafter, a
3775 project sponsor may request allowances from the CASA. The application must be
3776 submitted to the Agency by May 1 of the control period for which the allowances
3777 are being requested.
3778
- 3779 c) The allocation willshall be based on the electricity conserved or generated in the
3780 control period preceding the calendar year in which the application is submitted.
3781 To apply for a CAIR NO_x allocation from the CASA, project sponsors must
3782 provide the Agency with the following information:
3783
- 3784 1) Identification of the project sponsor, including name, address, type of
3785 organization, certification that the project sponsor has met the definition of
3786 “project sponsor” as set forth in Section 225.130, and name(s) of the
3787 principals or corporate officials.
3788
- 3789 2) The number of the CAIR NO_x general or compliance account for the
3790 project and the name of the associated CAIR account representative.
3791
- 3792 3) A description of the project or projects, location, the role of the project
3793 sponsor in the projects, and a general explanation of how the amount of
3794 energy conserved or generated was measured, verified, and calculated, and
3795 the number of allowances requested ~~and the~~ with the supporting
3796 calculations. The number of allowances requested willshall be calculated
3797 using the applicable formula from Section 225.570(b) ~~of this Section~~.
3798
- 3799 4) Detailed information to support the request for allowances, including the
3800 following types of documentation for the measurement and verification of
3801 the NO_x emissions reductions, electricity generated, or electricity
3802 conserved using established measurement verification procedures, as
3803 applicable. The measurement and verification required willshall depend
3804 on the type of project proposed.

- 3805
3806
3807
3808
3809
3810
3811
3812
3813
3814
3815
3816
3817
3818
3819
3820
3821
3822
3823
3824
3825
3826
3827
3828
3829
3830
3831
3832
3833
3834
3835
3836
3837
3838
3839
3840
3841
3842
3843
3844
3845
3846
3847
3848
3849
- 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 information, project specifications, supporting calculations, operating procedures, and maintenance procedures.
- 7) The following certification by the responsible official for the project sponsor and the applicable CAIR account representative for the project:

3850 “I am authorized to make this submission on behalf of the project sponsor
3851 and the holder of the CAIR NO_x general account or compliance account
3852 for which the submission is made. I certify under penalty of law that I
3853 have personally examined, and am familiar with the statements and
3854 information submitted in this application and all its attachments. Based on
3855 my inquiry of those individuals with primary responsibility for obtaining
3856 the information, I certify that the statements and information are to the
3857 best of my knowledge and belief true, accurate, and complete. I am aware
3858 that there are significant penalties for submitting false statements and
3859 information or omitting required statements and information.”
3860

3861 d) A project sponsor may request allowances from the CASA for each project a total
3862 number of control periods not to exceed the number of control periods listed
3863 below. After a project has been allocated allowances from CASA, subsequent
3864 requests for the project from the project sponsor mustshall include the information
3865 required by subsections (c)(1), (c)(2), (c)(3), and (c)(7) of this Section, a
3866 description of any changes, or further improvements made to the project, and
3867 information specified in subsections (c)(5) and (c)(6) as specifically requested by
3868 the Agency.
3869

3870 1) For energy efficiency and conservation projects (except for efficient
3871 operation and renewable energy projects), for a total of eight control
3872 periods.
3873

3874 2) For early adopter projects, for a total of ten control periods.
3875

3876 3) For air pollution control equipment upgrades for a total of 15 control
3877 periods.
3878

3879 43) For renewable energy projects, clean coal technology, and highly efficient
3880 power generation projects, for each year that the project is in operation.
3881

3882 e) A project sponsor must keep copies of all CASA applications and the
3883 documentation used to support the application for at least five years.
3884

3885 Section 225.575 Agency Action on CASA Applications
3886

3887 a) By ~~September~~October 1, 2009, and each ~~September~~October 1 thereafter, the
3888 Agency willshall determine the total number of allowances that are approvable for
3889 allocation to project sponsors based upon the applications submitted pursuant to
3890 Section 225.570 ~~of this Subpart~~.
3891

3892 1) The Agency willshall determine the number of CAIR NO_x allowances that
3893 are approvable based on the formulas and the criteria for such projects.
3894 The Agency willshall notify a project sponsor within 90 days after receipt
3895 of an application if the project is not approvable, the number of

- 3896 allowances requested is not approvable, or additional information is
3897 needed by the Agency to complete its review of the application.
3898
- 3899 2) If the total number of CAIR NO_x allowances requested for approved
3900 projects is less than or equal to the number of CAIR NO_x allowances in
3901 the CASA project category, the number of allowances that are approved
3902 shall be allocated to each CAIR NO_x compliance or general account.
3903
- 3904 3) If more CAIR NO_x allowances are requested than the number of CAIR
3905 NO_x allowances in a given CASA project category, allowances ~~will~~shall
3906 be allocated on a pro-rata basis based on the number of allowances
3907 available, subject to further adjustment as provided for by subsection (b)
3908 of this Section. CAIR NO_x allowances ~~will~~shall be allocated, transferred,
3909 or used as whole allowances. The number of whole allowances ~~will~~shall
3910 be determined by rounding down for decimals less than 0.5 and rounding
3911 up for decimals of 0.5 or greater.
3912
- 3913 b) For control periods 2011 and thereafter, if there are, after the completion of the
3914 procedures in subsection (a) of this Section for a control period, any CAIR NO_x
3915 allowances not allocated to a CASA project for the control period:
3916
- 3917 1) The remaining allowances ~~will~~will accrue in each CASA project category ~~will~~
3918 ~~accrue~~ up to twice the number of allowances that are assigned to the
3919 project category each control period as set forth in Section 225.565-~~of this~~
3920 Subpart.
3921
- 3922 2) ~~For control period 2011 and thereafter, if any~~ allowances remain after
3923 allocations pursuant to subsection (a) of this Section, the Agency will
3924 allocate these allowances pro-rata to projects that received fewer
3925 allowances than requested, based on the number of allowances not
3926 allocated but approved by the Agency for the project under CASA. No
3927 project may be allocated more allowances than approved by the Agency
3928 for the applicable in a project category that are in excess of twice the
3929 number assign for the control period as set forth in Section 225.565 of this
3930 Subpart shall be redistributed to project categories that have fewer than
3931 twice the number of allowances assigned to that project category for the
3932 control period.
3933
- 3934 3) ~~For control period 2011 and thereafter, if any~~ allowances remain after the
3935 allocation of allowances pursuant to subsection (b)(2) of this Section the
3936 Agency will then distribute pro-rata the remaining shall then reallocate
3937 allowances to projects that received fewer allowances than requested and
3938 approved on a pro-rata basis, based on the total number of approved
3939 allowances for the projects project categories that have fewer than twice
3940 the number of allowances assigned to the project category. The pro-rata

- 3941 distribution will be based on the difference between two times the project
3942 category and the number of allowances that remain in the project category.
3943
3944 4) ~~For control period 2011 and thereafter, if after the redistribution of~~
3945 ~~allowances pursuant to subsection (b)(2) any allowances remain, these~~
3946 ~~allowances shall be reassigned to project categories that have fewer than~~
3947 ~~twice the number of allowances annually assigned to that project category~~
3948 ~~as set forth in Section 225.565 of this Subpart, after the allocation in~~
3949 ~~subsection (b)(3) of this Section.~~
3950
3951 5) ~~The Agency shall repeat the process of allocating allowances to CASA~~
3952 ~~projects that received fewer allowances than requested and approved, and~~
3953 ~~to reassigning allowances to project categories as set forth in subsections~~
3954 ~~(b)(2), (b)(3), and (b)(4) of this Section, until no allowances remain to be~~
3955 ~~reassigned between project categories and the approved allowance~~
3956 ~~requests have been filled. If allowances still remain undistributed after the~~
3957 ~~allocations and distributions in the above subsections are~~
3958 ~~completed unallocated, the Agency may elect to retire any CAIR NO_x~~
3959 ~~allowances that have not been distributed to any CASA category, remain~~
3960 ~~after all approved requests for allowances have been met and each project~~
3961 ~~category has accrued twice the number of allowances assigned for that~~
3962 ~~project category to continue progress toward attainment or maintenance of~~
3963 ~~the National Ambient Air Quality Standards pursuant to the CAA.~~

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)
)

CERTIFICATE OF SERVICE

I, the undersigned, an attorney, state that I have served electronically the attached
POST-HEARING COMMENTS OF THE ILLINOIS ENVIRONMENTAL
PROTECTION AGENCY 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: January 5, 2007

1021 North Grand Avenue East
Springfield, Illinois 62794-9276
(217) 782-5544

SERVICE LIST
R06-26

John Knittle, Hearing Officer Illinois Pollution Control Board James R. Thompson Center 100 West Randolph St., Suite 11-500 Chicago, IL 60601-3218	Matthew J. Dunn, Division Chief Office of Attorney General Environmental Bureau 188 W. Randolph, 20 th Floor Chicago, IL 60601
Virginia Yang, Deputy Legal Counsel Illinois Dept. of Natural Resources One Natural Resources Way Springfield, IL 62702-1271	Keith I. Harley Chicago Legal Clinic 205 West Monroe Street, 4th Floor Chicago, IL 60606
James T. Harrington David L. Rieser Jeremy R. Hojnicky McGuire Woods LLP 77 West Wacker, Suite 4100 Chicago, IL 60601	William A. Murray Special Assistant Corporation Counsel Office of Public Utilities 800 East Monroe Springfield, IL 62757
S. David Farris Environmental, Health and Safety Manager Office of Public Utilities 201 East Lake Shore Drive Springfield, IL 62757	Faith E. Bugel Environmental Law and Policy Center 35 East Wacker Drive, Suite 1300 Chicago, IL 60601
Kathleen C. Bassi Sheldon A. Zabel Stephen J. Bonebrake Schiff Hardin LLP 6600 Sears Tower 233 South Wacker Drive Chicago, IL 60606	Katherine D. Hodge N. LaDonna Driver Hodge Dwyer Zeman 3150 Roland Avenue Springfield, IL 62705-5776
Bill S. Forcade Katherine M. Rahill JENNER & BLOCK, LLP One IBM Plaza Chicago, IL 60611	Sasha M. Reyes Steven J. Murawski One Prudential Plaza, Suite 3500 130 E. Randolph Dr. Chicago, IL 60601
Daniel McDevitt Midwest Generation 440 S. LaSalle St., Suite 3500 Chicago, IL 60605	Bruce Nilles Sierra Club 122 W. Washington Ave., Suite 830 Madison, WI 53703
James H. Russell Winston & Strawn, LLP 35 W. Wacker Drive, 40 th Floor Chicago, IL 60601	