

**DRAFT**Updating Allocations & Reduced Lead Time**Option Type:**

The Illinois EPA proposes to use output-based allocations using the average of the past two years for both annual and seasonal NOx for allocations three years ahead (e.g., in 2009 Illinois EPA would average outputs for years 2007 and 2008 to determine allocations for 2012; in 2010, average years 2008 and 2009 for allocations in 2013, etc.). The Illinois EPA believes that the three-year lead-time gives sufficient time for sources to plan for compliance. Allocations for 2009, 2010, and 2011 are due October 31, 2006, Illinois EPA proposes to use the average gross output data from 2004 and 2005 for these three allocation years. If gross output data is not available for both 2004 and 2005, then gross output will be used for 2005. If that data is not available, then heat input data converted to output data will be used for these allocation years.

**Environmental Benefits:**

Some of the environmental benefits under this scenario include:

- More accurate allocations for current use.
- New units are treated the same as older units after a shorter NSSA period.
- Existing plants will be encouraged to be more energy efficient sooner.
- Newer plants will be allowed into the allocation pool sooner.

**Model CAIR Rule:**

In the Model CAIR rule, the initial allocations, or baseline allocations, are determined using the average of the three highest heat inputs in years 2000 - 2004 for units that were operational prior to January 1, 2001. Under CAIR, the original baseline allocation stays the same throughout Phase I (control periods 2009 - 2014) of the program, whereas Illinois EPA's proposed rule uses more current data that may change unit specific allocations on a yearly basis after allocation year 2011.

In the Model CAIR rule, units that began operation after January 1, 2001, have to operate for more than five years before any allocations are given (other than new source set-asides). The units that began operation after January 1, 2001, are given allocations based on a modified output basis. New cogeneration units will also receive NOx allowances for their thermal energy portion. Under the Illinois EPA's proposed rule, newer units will be given NOx allocations based on gross energy output, in the same manner as existing units.

In 2015, the reduced allocations as stated in the existing Model CAIR rule for Phase II will be allocated the same as above.