

SUBPART C: CAIR NO_x EGU ANNUAL TRADING PROGRAM

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SUBPART C: CAIR NO_x EGU ANNUAL TRADING PROGRAM

Section 225.300 Purpose

The purpose of this Subpart is to control the emissions of nitrogen oxides (NO_x) from electrical generating units (EGUs) annually by limiting the emissions of NO_x from these units by determining source allocations and implementing the CAIR NO_x Trading Program.

Section 225.305 Applicability

- a) A fossil fuel-fired stationary boiler, combustion turbine or combined cycle system is an electrical generating unit (EGU) if it serves a generator that has a nameplate capacity greater than 25 MWe and produces electricity for sale and is not included in 35 Ill. Adm. Code Part 217. Appendix E. An EGU is subject to the NO_x Trading Program contained in this Subpart and is a CAIR NO_x EGU or unit for the purposes of this Subpart.
- b) Notwithstanding subsection (a) of this Section, an EGU that meets the requirements of subsections (b)(1) or (b)(2) of this Section shall not be a CAIR NO_x EGUs and is not subject to the NO_x Trading Program contained in this Subpart.
 - 1) An exempt cogeneration unit is a unit that meets the definition for exempt

cogeneration unit in Section 225.130 of this Part and qualifies as an exempt 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 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 supplying in any calendar year more than one-third of the unit's potential capacity or 219,000 MWh, whichever is greater, to a utility power distribution system for sale. If a unit qualifies as an exempt cogeneration unit during the 12-month period starting on the date the unit first produces electricity but subsequently no longer qualifies as an exempt cogeneration unit, the unit shall be subject to subsection (a) of this Section starting on the day on which the unit first no longer qualifies as a cogeneration unit.

- 2) A solid waste incineration unit, that:
 - A) Commences operation on or after January 1, 1985:
 - i) Qualifies as a solid waste incineration unit as defined by Section 129(g) of the CAA [42 U.S.C. 7429(g)]; 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 a CAIR NO_x unit starting on the January 1 after which the unit has an average annual fuel consumption of fossil fuel of 20 percent or more.

Section 225.310 Compliance Requirements

An EGU subject to the requirements of this Subpart must comply with the following:

- a) The requirements of the CAIR NO_x Trading Program for Illinois are set forth in this Subpart and 40 CFR 96, Subpart AA (NO_x Annual Trading Program General Provisions), excluding 40 CFR 96.104, 96.105(b)(2), and 96.106, Subpart BB (CAIR Designated Representative for CAIR NO_x Sources), Subpart FF (CAIR NO_x Allowance Tracking System), Subpart GG (CAIR NO_x Allowance Transfers), and Subpart HH (Monitoring and Reporting), as incorporated by reference in Section 225.140 of this Part.

- b) CAIR NO_x Permit requirements:
- 1) The owner or operator of each source with one or more CAIR EGUs at the source must apply for a permit issued by the Agency with federally enforceable conditions covering the CAIR NO_x Trading Program (“CAIR NO_x permit”) that complies with the requirements of Section 225.320 of this Subpart.
 - 2) The owner or operator of each CAIR NO_x source and each CAIR NO_x unit at the source must operate the CAIR NO_x EGU in compliance with such CAIR NO_x permit.
- c) Monitoring requirements:
- 1) The owner or operator of each CAIR NO_x source and each CAIR NO_x EGU at the source must comply with the monitoring requirements of 40 CFR 96, subpart HH, 40 CFR, 75 subpart H, and Section 225.370. The CAIR designated representative of each CAIR NO_x source and each CAIR NO_x EGU at the CAIR NO_x source must comply with those sections of the monitoring requirements of 40 CFR 96, subpart HH, applicable to a CAIR designated representative.
 - 2) The compliance of each CAIR NO_x unit with the NO_x emissions limitation under subsection (d) of this Section shall be determined by the emissions measurements recorded and reported in accordance with 40 CFR 96, subpart HH and 40 CFR 75, subpart H.
- d) NO_x emission requirements:
- 1) By March 1, 2010, and by March 1 of each subsequent year, the allowance transfer deadline, the CAIR designated representative of each CAIR NO_x source and each CAIR NO_x unit at the source shall hold allowances available for compliance deductions under 40 CFR 96.154(a) in the CAIR source’s NO_x compliance account. The number of allowances held shall not be less than the tons of NO_x emissions for the control period from all CAIR NO_x units at the CAIR source, rounded to the nearest whole ton, as determined in accordance with 40 CFR 96, subpart HH, plus any number necessary to account for actual utilization (e.g., for testing, start-up, malfunction, and shut down).
 - 2) Each ton of NO_x emitted in excess of the number of NO_x allowances held by the owner or operator for each CAIR NO_x unit in its NO_x compliance account for each control period shall constitute a separate violation of this Subpart and the Act.

- 3) A CAIR NO_x unit shall be subject to the monitoring and compliance requirements of subsections (c)(1) and (d)(1) of this Section starting on the later of January 1, 2009, or the deadline for meeting the unit's monitoring certification requirements under 40 CFR 96.170(b)(1)(2).
 - 4) Allowances shall be held in, deducted from, or transferred among allowance accounts in accordance with this Subpart and 40 CFR 96, subparts FF and GG.
 - 5) In order to comply with the requirements of subsection (d)(1) of this Section, a NO_x allowance may not be utilized for a control period in a year prior to the year for which the allowance is allocated.
 - 6) An allowance allocated by the Agency or USEPA under the CAIR NO_x Trading Program is a limited authorization to emit one ton of NO_x in accordance with the CAIR NO_x Trading Program. No provision of the CAIR NO_x Trading Program, the CAIR NO_x permit application, the CAIR NO_x permit, or a retired unit exemption under 40 CFR 96.105, and no provision of law, shall be construed to limit the authority of the United States or the State to terminate or limit this authorization.
 - 7) An allowance allocated by the Agency or USEPA under the CAIR NO_x Trading Program does not constitute a property right.
 - 8) Upon recordation by USEPA under 40 CFR 96, subpart FF (CAIR NO_x Allowance Tracking System) or GG (CAIR NO_x Allowance Transfers), every allocation, transfer, or deduction of an allowance to or from a CAIR source is deemed to amend automatically, and become a part of, any CAIR permit of the CAIR source. This automatic amendment of the CAIR permit shall be deemed an operation of law and will not require any further review.
- e) Recordkeeping and reporting requirements:
- 1) Unless otherwise provided, the owner or operator of the CAIR NO_x source and each CAIR NO_x EGU at the source shall keep on site at the source each of the documents listed in subsections (e)(1)(A) through (e)(1)(D) of this Section for a period of five years from the date the document is created. This period may be extended for cause, at any time prior to the end of five years, in writing by the Agency or USEPA.
 - A) The certificate of representation of the CAIR designated representative for the source and each CAIR NO_x EGU at the source, all documents that demonstrate the truth of the statements in the account certificate of representation, in accordance with 40 CFR 96.113, provided that the certificate and documents must be

retained on site at the source beyond such five-year period until such documents are superseded because of the submission of a new account certificate of representation changing the CAIR designated representative.

- B) All emissions monitoring information, in accordance with 40 CFR 96, subpart HH.
 - C) Copies of all reports, compliance certifications, and other submissions and all records made or required under the CAIR NO_x Trading Program or documents necessary to demonstrate compliance with the requirements of the CAIR NO_x Trading Program or with the requirements of this Subpart.
 - D) Copies of all documents used to complete a CAIR permit application and any other submission under the CAIR NO_x Trading Program.
 - E) Copies of all records of gross output generated by the wattmeter and, as applicable, the Btu meter, quarterly reports of gross output, and maintenance and quality assurance logs for these meters in accordance with Section 217.370 of this Subpart.
- 2) The CAIR designated representative of a CAIR NO_x source and each CAIR NO_x EGU at the source must submit to the Agency and USEPA the reports and compliance certifications required under the CAIR NO_x Trading Program, including those under 40 CFR 96, subpart HH, and Section 275.370 of this Subpart.
- f) Liability:
- 1) No revision of a permit for a CAIR NO_x EGU shall excuse any violation of the requirements of the CAIR NO_x Trading Program.
 - 2) Each CAIR NO_x source and each CAIR NO_x EGU shall meet the requirements of the CAIR NO_x Trading Program.
 - 3) Any provision of the CAIR NO_x Trading Program that applies to a CAIR NO_x source (including any provision applicable to the CAIR designated representative of a CAIR NO_x source) shall also apply to the owner and operator of such CAIR NO_x source and to the owner and operator of each CAIR NO_x EGU at the source.
 - 4) Any provision of the CAIR NO_x Trading Program that applies to a CAIR EGU (including any provision applicable to the CAIR designated representative of a CAIR EGU) shall also apply to the owner and operator

of such CAIR EGU. Except with regard to the requirements applicable to CAIR EGUs with a common stack under 40 CFR 96, subpart HH, the owner, the operator, and the CAIR designated representative of a CAIR EGU shall not be liable for any violation by any other CAIR EGU of which they are not an owner or operator or the CAIR designated representative.

- 5) The CAIR designated representative of a CAIR EGU that has excess emissions in any control period shall surrender the allowances as required for deduction under 40 CFR 96.154(d)(1).
- 6) The owner or operator of a CAIR EGU that has excess emissions in any control period shall pay any fine, penalty, or assessment or comply with any other remedy imposed under 40 CFR 96.154(d)(1) and the Act.
- g) Effect on other authorities. No provision of the CAIR NO_x Trading Program, a CAIR permit application, a CAIR permit, or a retired unit exemption under 40 CFR 96.105 shall be construed as exempting or excluding the owner and operator and, to the extent applicable, the CAIR designated representative of a CAIR NO_x source or CAIR NO_x EGU, from compliance with any other regulation promulgated under the CAA, the Act, any State, or a federally enforceable permit.

Section 225.315 Appeal Procedures

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

Section 225.320 CAIR NO_x Permitting Requirements

- a) CAIR NO_x permit requirements:
 - 1) Each source with a CAIR NO_x unit is required to submit a complete permit application addressing all applicable CAIR NO_x Trading Program requirements for a permit meeting the requirements of this Section, applicable to each CAIR NO_x EGU at the source. Each CAIR NO_x permit (including any draft or proposed CAIR NO_x permit, if applicable) will contain elements required for a complete CAIR NO_x permit application under subsection (b)(2) of this Section.
 - 2) Each CAIR NO_x permit (including a draft or proposed CAIR NO_x permit, if applicable) shall contain federally enforceable conditions addressing all applicable CAIR NO_x Annual Trading Program, requirements and shall be a complete and segregable portion of the source's entire permit under subsection (a)(1) of this Section.
 - 3) No CAIR NO_x permit shall be issued, and no NO_x allowance account

shall be established for a CAIR NO_x EGU at a source, until the Agency and USEPA have received a complete certificate of representation for a CAIR designated representative under 40 CFR 96, subpart BB, for the CAIR NO_x source and the CAIR NO_x EGU at the source.

- 4) For CAIR NO_x units that commenced operation before July 1, 2007, and for which a CAAPP permit is not required pursuant to Section 39.5 of the Act, the owner or operator of such unit must submit a CAIR NO_x permit application meeting the requirements of this Section on or before July 1, 2007.
 - 5) For CAIR NO_x units that commenced operation before July 1, 2007, and for which a CAAPP NO_x permit is required pursuant to Section 39.5 of the Act, the owner or operator of such unit must submit a CAIR NO_x permit application to the Agency meeting the requirements of this Section on or before July 1, 2007.
 - 6) For CAIR NO_x units that are subject to Section 39.5 of the Act and that commence operation on or after July 1, 2007, and for CAIR NO_x EGUs not subject to Section 39.5 of the Act and that commence operation on or after July 1, 2007, the owner or operator of such units must submit applications for construction and operating permits pursuant to the requirements of Sections 39 and 39.5 of the Act and 35 Ill. Adm. Code 201 and such applications must specify that they are applying for CAIR NO_x permits, and must address the CAIR NO_x permit application requirements of this Section.
- b) CAIR NO_x permit applications:
- 1) Duty to apply. The owner or operator of any source with one or more CAIR NO_x units shall submit to the Agency a CAIR NO_x permit application for the source under subsection (b)(2) of this Section by the applicable deadline in subsection (a)(4), (a)(5), or (a)(6) of this Section. The CAIR NO_x owner or operator of any source with one or more CAIR NO_x units shall reapply for a CAIR NO_x permit for the source as required by this Subpart, 35 Ill. Adm. Code 201, and Sections 39 and 39.5 of the Act.
 - 2) Information requirements for CAIR NO_x permit applications. A complete CAIR NO_x permit application shall include the following elements concerning the source for which the application is submitted:
 - A) Identification of the source, including plant name. The ORIS (Office of Regulatory Information Systems) or facility code assigned to the source by the Energy Information Administration shall also be included, if applicable;

- B) Identification of each CAIR NO_x unit at the source; and
 - C) The compliance requirements applicable to each CAIR NO_x unit as set forth in Section 225.310 of this Part.
- 3) An application for a CAIR NO_x permit shall be treated as a modification of the CAIR NO_x unit's existing federally enforceable permit, if such a permit has been issued for that CAIR NO_x unit, and shall be subject to the same procedural requirements. When the Agency issues a CAIR NO_x permit, it shall be incorporated into and become part of that CAIR NO_x unit's existing federally enforceable permit.

Section 225.325 CAIR NO_x Budget

The CAIR NO_x EGU budget available for allowance allocations for each control period shall be determined as follows:

- a) The total base CAIR NO_x EGU budget is 76,230 tons per control period for 2009 through 2014, subject to a reduction for five categories of set-asides, as set forth below. A minimum of 30 percent of the budget will be allocated to set-asides, resulting, in a CAIR NO_x EGU budget of 53,361 tons available for allocation per control period. The requirements of these set-asides are set forth in Sections 225.345, 225.350, 225.355, 225.360, and 225.365 of this Subpart.
 - 1) The new source set-aside 5%;
 - 2) The energy efficiency set-aside xx%;
 - 3) The renewable energy set-aside xx%; and
 - 4) Other: Clean Coal Technology, Control Equipment Upgrade Set-Asides, Efficient Operators, and Early Adopters xx%.
- b) The total base CAIR NO_x EGU budget is 63,525 tons per control period 2015, and thereafter, subject to a reduction for five categories of set-asides, as set forth below. A minimum of 30 percent will be allocated to set-asides, resulting, in a CAIR NO_x EGU budget of 44,468 tons available for allocation per control period. The requirements of these set-asides are set forth in Sections 225.345, 225.350, 225.355, 225.360, and 225.365 of this Subpart.
 - 1) The new source set-aside 5%;
 - 2) The energy efficiency set-aside xx%;
 - 3) The renewable energy set-aside xx%; and

- 4) Other: Clean Coal Technology, Control Equipment Upgrade Set-Asides, Efficient Operators, and Early Adopters xx%.
- c) If USEPA adjusts the total base CAIR NO_x EGU budget for any reason, the Agency will adjust the budget pro rata.

Section 225.330 Timing for NO_x Allocations

- a) By October 31, 2006, the Agency will submit to USEPA the CAIR NO_x allowance allocations, in accordance with Sections 225.335 and 225.340 of this Subpart, for the control periods in 2009, 2010, and 2011.
- b) By October 31, 2009, and October 31 of each year thereafter, the Agency will submit to USEPA the CAIR NO_x allowance allocations in accordance with Sections 225.335 and 225.340 of this Subpart, for the control period in the third year after the year of the applicable deadline for submission under this Section.
- c) The Agency will allocate allowances from the new source set-aside to CAIR NO_x EGUs that commenced operation on or after January 1, 2006. The Agency will report these allocations to USEPA by March 15 after the applicable control period.
- d) The Agency will allocate allowances from the environmental, clean-coal technology, and pollution control upgrade set asides to projects that commenced operation on or after January 1, 2005. The Agency will report these allocations to USEPA by July 31 after the applicable control period.

Section 225.335 Methodology for Calculating NO_x Allocations

The Agency will calculate for each CAIR NO_x EGU that has operated during at least one calendar year prior to the allocation year converted base gross output (in MWh), as follows:

- a) For control periods 2009, 2010, and 2011, the unit's base gross output (GO) will be:
 - 1) The average of the unit's control period gross electrical output for 2004 and 2005, otherwise the unit's control period gross electrical output for 2005. If a generator is served by two or more units, then the gross electrical output of the generator will be attributed to each unit in proportion to the unit's share of the total control period heat input of such units for the year. The EGU's converted gross electrical output (CGO) will be calculated as follows:

A) If the unit is coal-fired: $CGO = GO(\text{MWh}) * 1;$

- B) If the unit is oil-fired $CGO = GO(\text{MWh}) * 0.6$;
 - C) If the unit is neither coal nor oil-fired $CGO = GO(\text{MWh}) * 0.4$.
- 2) If gross electrical output data is not provided to the Agency, the average of the unit's control period heat input for 2004 and 2005 (HI), if available, otherwise the unit's control period heat input for 2005. If a generator is served by two or more units, then the heat input of the generator will be attributed to each unit in proportion to the unit's share of the total control period heat input of such units for the year. The EGU's converted gross electrical output (CGO) will be calculated as follows:
- A) If the unit is coal-fired: $CGO(\text{MWh}) = HI(\text{in mmBtu}) * 0.0971$;
 - B) If the unit is oil-fired $CGO(\text{MWh}) = HI(\text{in mmBtu}) * 0.0583$; or
 - C) If the unit is neither coal nor oil-fired $CGO(\text{MWh}) = HI(\text{in mmBtu}) * 0.0388$.
- b) For control period 2012 and thereafter, the unit's base gross output (GO) will be the average of the unit's control period gross electrical output two years prior to the allocation year if available, otherwise the unit's control period gross electrical output one year prior to the allocation year. If a generator is served by two or more units, then the gross electrical output of the generator will be attributed to each unit in proportion to the unit's share of the total control period heat input of such units for the year. The EGU's converted gross electrical output (CGO) will be calculated as follows:
- 1) If the unit is coal-fired: $CGO(\text{MWh}) = GO * 1$;
 - 2) If the unit is oil-fired $CGO(\text{MWh}) = GO * 0.6$ or
 - 3) If the unit is neither coal nor oil-fired $CGO(\text{MWh}) = GO * 0.4$.
- c) 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 add the converted gross output (CGO) calculated for electricity pursuant to subsections (a) or (b) of this Section to the converted gross output for useful thermal energy to determine the total converted gross output for the unit. The Agency will determine the converted gross output for useful thermal energy (gross thermal output) by using the average of the unit's control period useful thermal output for the two control periods prior to the allocation year, if available, otherwise the unit's control period useful thermal output for one year prior to the allocation year (UTE). The estimated gross thermal output will be determined using the following equations:

- 1) For coal: $CGO(MWh) = UTE(\text{in mmBtu}) * 0.294$;
 - 2) For oil-fired: $CGO(MWh) = UTE(\text{in mmBtu}) * 0.176$; or
 - 3) For other-fired: $CGO(MWh) = UTE(\text{in mmBtu}) * 0.118$.
- d) The CAIR NO_x gross output in subsections (a)(1) and (b) of this Section for the control period in each year will be based on the best available data reported to the Agency for the CAIR NO_x EGU pursuant to the provisions of Section 225.370 of this Subpart.
- e) The CAIR NO_x EGU's heat input in subsection (a)(2) of this Section for the control period in each year will be determined in accordance with 40 CFR 75, as incorporated by reference in Section 225.140 of this Part, if the CAIR NO_x EGU was otherwise subject to this requirement or the best available data reported to the Agency for the CAIR NO_x EGU, if the CAIR NO_x EGU was not subject to the requirements of 40 CFR 75, for the year.

Section 225.340 NO_x Allocations

- a) For each control period in 2009 and thereafter, the Agency will allocate CAIR NO_x allowances to all CAIR NO_x EGUs in Illinois that have converted gross output, as determined in Section 225.335 of this Subpart, a total amount of CAIR NO_x allowances equal to 70 percent for control period 2007, and thereafter of the tons of NO_x emissions in the CAIR NO_x budget pursuant to Section 225.325 of this Subpart.
- b) The Agency will allocate CAIR NO_x allowances to each CAIR NO_x EGU under Section 225.335 of this Subpart using the converted gross output (CGO) calculated in Section 225.335 of this Subpart for that unit converted to approximate NO_x tons (the unit's unadjusted allocation (UA_y)) multiplied by the ratio of the total number of allowances available for allocation to the total unadjusted allocations (UA_y) for all such CAIR NO_x EGUs in Illinois, rounding to the nearest whole allowance as appropriate, as follows:

- 1) For units with gross electrical output data:

$$UA_y = \frac{CGO_y * 1.5\text{lbs} / MWh}{2000\text{lbs} / \text{ton}}$$

- 2)
$$A_y = \frac{UA_y * (\text{Allowances available for allocation})}{\sum UA_y}$$

Where:

UA_y = a unit's unadjusted allocation for year (y)

CGO_y = a unit's converted gross output

A_y = a units' allocation, adjusted so that the total control period allocation does not exceed the trading budget.

Section 225.345 New Unit Set-Aside

For each control period in 2009 and thereafter, the Agency will allocate CAIR NO_x allowances from the new unit set-aside to CAIR NO_x EGUs that commenced operation on or after January 1, 2006, and do not yet have an allocation for the particular control period pursuant to Section 225.340 of this Subpart, in accordance with the following procedures:

- a) Beginning with the 2009 control period and each control period, thereafter, the Agency will establish a separate new unit set-aside for each control period. Each new unit set-aside will be allocated CAIR NO_x allowances equal to 5 percent the amount of tons of NO_x emissions in the trading budget in Section 225.325 of this Subpart.
- b) The CAIR designated representative of such a CAIR NO_x unit may submit to the Agency a request, in a format specified by the Agency, to be allocated CAIR NO_x allowances from the new unit set-aside starting with the first control period in which the new CAIR NO_x unit commences commercial operation and until the first control period for which the unit is allocated CAIR NO_x allowances under Section 225.340 of this Subpart. The CAIR NO_x allowance allocation request may only be submitted after a new CAIR NO_x unit has operated during one control period, and no later than the January 31 after the control period for which allowances from the new unit set-aside are being requested.
- c) In a CAIR NO_x allowance allocation request under subsection (b) of this Section, the CAIR designated representative may request CAIR NO_x allowances for a control period by providing gross output data for that control period. The Agency will allocate allowances from the new unit set-aside to a new CAIR NO_x unit using the following procedures:
 - 1) For each new CAIR NO_x EGU that has operated during at least one calendar year, the average of the unit's control period gross electrical output for the most recent two control periods, otherwise the unit's control period gross electrical output for the most recent control period, will be used to calculate the unit's base gross electrical output (GO). If a generator is served by two or more units, then the gross electrical output of the generator will be attributed to each unit in proportion to the unit's share of the total control period heat input of such units for the year. The CAIR NO_x unit's converted gross electrical output (CGO) will be calculated as follows:

A) If the unit is coal-fired: $CGO(\text{MWh}) = GO * 1$;

- B) If the unit is oil-fired $CGO(MWh) = GO * 0.6$ or
- C) If the unit is neither coal nor oil-fired $CGO(MWh) = GO * 0.4$.
- 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 will add the converted gross output (CGO) calculated for electricity pursuant to subsections (a) or (b) of this Section to the converted gross output for useful thermal energy to determine the total converted gross output for the unit. The Agency will determine the converted gross output for useful thermal energy (gross thermal output) by using the average of the unit's control period useful thermal output for the two control periods prior to the allocation year, if available, otherwise the unit's control period useful thermal output for one year prior to the allocation year (UTE). The estimated gross thermal output (CGO) will be determined using the following equations:
- A) For coal: $CGO(MWh) = UTE(\text{in mmBtu}) * 0.294$;
- B) For oil-fired: $CGO(MWh) = UTE(\text{in mmBtu}) * 0.176$; or
- C) For other-fired: $CGO(MWh) = UTE(\text{in mmBtu}) * 0.118$.
- 3) The CAIR NO_x gross output in subsections (c)(1) and (c)(2) of this Section for the control period in each year will be based on the best available data reported to the Agency for the CAIR NO_x EGU pursuant to the provisions of Section 225.370 of this Subpart.
- 4) The Agency will determine a unit's unadjusted allocation (UA_y) using the unit's converted gross output (CGO) calculated in subsections (c)(1) and (c)(2) of this Section, converted to approximate NO_x tons (the unit's unadjusted allocation), as follows:

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

Where:

MWh = Actual gross electric output for the current year's control period in megawatt hours.

UA_y = unadjusted allocation to a new CAIR NO_x unit.

- 5) The Agency will allocate CAIR NO_x allowances from the new unit set-aside to new CAIR NO_x units as follows:
- A) If the new unit set-aside for the control period for which NO_x allowances are requested has a number of allowances greater than or equal to the total converted gross output from all new unit's requesting allowances, the Agency will allocate the number of allowances using the unadjusted allocation determined for that unit in subsection (c)(4) of this Section.
 - B) If the new unit set-aside for the control period for which the allowances are requested has a number of allowances less than the total converted gross output from all new CAIR NO_x units requesting allocations, the Agency will allocate the available allowances to the new CAIR NO_x unit on a pro-rata basis, using the unadjusted allocation determined for that unit in subsection (c)(4) of this Section.
- d) The Agency will review each CAIR NO_x allowance allocation request under subsection (b) of this Section and will allocate CAIR NO_x allowances for each control period pursuant to such request. The Agency will accept an allowance allocation request only if the request meets, or is adjusted by the Agency as necessary to meet, the requirements of this Subpart.
- e) By February 28, the Agency will notify each CAIR designated representative that submitted an allowance allocation request of the amount of CAIR NO_x allowances (if any) allocated for the control period to the CAIR NO_x unit covered by the request.
- f) The Agency will allocate CAIR NO_x allowances to new CAIR NO_x units from the new unit set-aside no later than March 15 after the applicable control period.
- g) After a new CAIR NO_x unit has operated in one control period it becomes an existing unit and the Agency will allocate CAIR NO_x allowances for the control period commencing four years in the future pursuant to Section 225.340 of this Subpart. The CAIR NO_x unit will continue to receive CAIR NO_x allowances from the new unit set-aside according to this Section until it is eligible to use CAIR NO_x allowances allocated under Section 225.340 of this Subpart.
- h) If, after the completion of the procedures in subsection (d) of this Section for a control period, any unallocated CAIR NO_x allowances remain in the new unit set-aside for the control period, the Agency will accrue those CAIR NO_x allowances for future year allocations to new CAIR NO_x units. The Agency may from time to time elect to retire CAIR NO_x allowances in the new source set-aside that are not allocated in a given calendar year.

- Section 225.350 Energy Efficiency Set-Asides
- Section 225.355 Renewable Energy Set-Asides
- Section 225.360 Other: IGCC, Clean Coal Technology, Control Equipment Upgrade Set-Asides, Efficient Operators, and Early Adopters
- Section 225.370 Monitoring, Record Keeping and Reporting Requirements for Gross Output
- a) By January 1, 2007, or within 180 days of commencing operation, whichever is later, the owner or operator of a CAIR NO_x unit shall install, calibrate, maintain, and operate a wattmeter; measure gross electrical output in megawatt-hour on a continuous basis and record the output of the monitor. Where heat input data is used, the owner or operator shall comply with the applicable provisions 40 CFR 75, as incorporated by reference in Section 225.140 of this Part for monitoring, if the CAIR NO_x unit was otherwise subject to this requirement, or shall monitor using the best available system available for the CAIR NO_x unit, if the unit was not subject to the requirements of 40 CFR 75, for the year.
 - b) By January 1, 2007, or within 180 days of commencing operation, whichever is later, the owner or operator of a CAIR NO_x unit with process steam generation shall install, calibrate, maintain, and operate meters for steam flow, temperature, and pressure; measure gross process steam output in Btu per hour on a continuous basis, and record the output of the monitor.
 - c) Beginning with calendar year 2007, the designated representative of the CAIR NO_x unit shall submit to the Agency quarterly, i.e. March 31, June 30, September 30, and December 31 of each year, the CAIR NO_x unit's gross electrical output and, if applicable, the unit's gross process steam for each month. In addition, if such data is available for calendar years 2004 and 2005, such data shall be submitted by September 30, 2006.
 - d) The owner or operator of a CAIR NO_x unit with electricity generation shall A monitoring plan detailing the monitoring system, maintenance, and quality assurance activities shall be maintained on-site.
 - c) The owner or operator of a CAIR NO_x unit shall maintain records for 5 years of the data collected in subsections (a) and (b) of this Section, of the reports submitted to the Agency and USEPA in subsection (c) of this Section, and of the monitoring plan required in subsection (d) of this Section.

Section 225.375 Compliance Supplement Pool

In addition to the CAIR NO_x allowances allocated under Section 225.335 of this Subpart, the Agency may allocate for the control period in 2009 up to 11,299 allowances to CAIR NO_x

EGUs. The Agency retire all 11,299 NO_x allowances for public health and air quality improvements.

Section 225.380 Opt-ins (Reserved)