

SUBPART E: ALTERNATIVE ATU GENERATION

Section 205.500 Emissions Reduction Generator

Any participating source, new participating source or general participant may submit a proposal for issuance of ATUs to it based on VOM emissions reductions, as specified in subsection (a) of this Section, achieved by any source or group of sources located in the Chicago ozone nonattainment area with an operating permit(s) other than a participating source or new participating source. The owner or operator of each source from which the VOM emissions reductions have been or will be achieved shall certify its acceptance of the terms of the proposal and that it has achieved or will achieve the emissions reductions specified in the proposal. An emissions reduction generator may apply for a modification to its operating permit to incorporate limitations that make the VOM emissions reductions specified in the relevant proposal enforceable.

- a) ATUs will only be issued pursuant to this Section if based on actual VOM emissions reductions that meet one or more of the following:
  - 1) If, based on the same actual production rate, VOM emissions at the source for any seasonal allotment period beginning in 1999 are or will be lower due to the use of technology or materials at the source than if operating at the same production rate at the emissions level allowed by applicable requirements effective in 1996 or any requirements included in the State Implementation Plan, provided such reductions occurred after 1990;
  - 2) The source shuts down a portion or all of its operation(s) after 1996 and withdraws the relevant operating permit(s), provided the VOM emissions from the shut down activity or activities will not be distributed elsewhere within the Chicago ozone nonattainment area;
  - 3) The source(s) curtails its seasonal production activity resulting in an actual reduction in VOM emissions during any seasonal allotment period beginning in 1999, provided the VOM emissions from the curtailment will not be distributed elsewhere within the Chicago nonattainment area. Such emissions reduction shall be based on the difference between the average production level for the two seasonal allotment periods prior to the year of curtailment and the curtailed production level, calculated at the VOM emission rate allowed by applicable requirements effective in 1996; or
  - 4) The source shuts down operations or curtails seasonal production activity as described in subsections (a)(2) and (a)(3) of this Section, respectively, and the VOM emissions from the shut down activity or activities or curtailment will be distributed to a participating or new participating source or sources within the Chicago ozone nonattainment area, and the proposal provides that all ATUs issued pursuant to this Section on account of such shut down or

curtailment are to be issued to the corresponding participating or new participating source or sources.

- b) If any proposal is based on a shut down of operations, as specified in subsection (a)(2) of this Section, that results in seasonal emissions reductions of 10 tons or more, 20 percent of ATUs issued based on such an emissions reduction generator proposal shall be allocated to the ACMA.
- c) Any proposal based on seasonal emissions reductions of 10 tons or more and the Agency's approval thereof shall be subject to the public notice requirements of Section 39.5 of the Act [415 ILCS 5/39.5].
- d) Any proposal submitted shall include the following:
  - 1) Information identifying the source(s) from which the VOM emissions reductions has been or will be achieved and its owner or operator;
  - 2) An explanation of the method used to achieve the VOM emissions reductions;
  - 3) Relevant information describing the nature of the underlying activity that generated the VOM emissions and the relationship of the units at which the VOM emissions reduction occurred to other units or sources performing the same or related activity in the Chicago ozone nonattainment area, if the VOM emissions reduction is attributable to a partial or complete source shutdown or a production curtailment, as specified in subsection (a)(2), (a)(3) or (a)(4) of this Section;
  - 4) The amount of VOM emissions for the two seasonal allotment periods prior to the year(s) of curtailment, including supporting calculations, if the VOM emissions reduction is attributable to a production curtailment as specified in subsection (a)(3) or (a)(4) of this Section;
  - 5) The amount of the VOM emissions reduction, including supporting calculations and documentation, such as material usage information;
  - 6) The name and address of the participating source(s), new participating source(s) or general participant(s) to which ATUs will be issued, including the name and telephone number of the account officer for such source or participant; and

- 7) The owner or operator of each proposed emission reduction generator shall certify its acceptance of the terms of the proposal and certify that it has achieved or will achieve the emissions reductions specified in the proposal.
- e) The owner or operator of any emissions reduction generator may modify its operating permit to incorporate limitations that make the VOM emissions reductions specified in the relevant proposal enforceable.
- f) If the emissions reduction generator does not modify its permit, as specified in subsection (e) of this Section, or experiences a shutdown, as specified in subsection (a)(2) or (a)(4) of this Section, and the proposal is submitted prior to the availability of actual VOM emissions data from the relevant seasonal allotment period, the Agency shall determine if the proposal is acceptable on a preliminary basis and provide notification of this determination. The Agency shall not issue final approval, in accordance with subsection (g) of this Section, of any such proposal until the actual VOM emissions data is submitted.
- g) The Agency shall notify the participating source, new participating source or general participant in writing of its final decision with respect to the proposal within 45 days after receipt of such proposal or receipt of VOM emissions data to verify that the specified reductions occurred, whichever occurs later. If the Agency denies or conditionally approves a proposal, this written notice shall include a statement of the specific reasons for denying or modifying the proposal. The Agency's determination as to the approvability of any proposal submitted pursuant to this Section is subject to review by the Board as provided at 35 Ill. Adm. Code 105.102, provided the proposed emissions reduction generator is not requesting a permit revision. If such a permit revision is requested, the applicable permit review and appeal procedures shall apply.
- h) If the Agency deems that the proposal is sufficient to receive final approval, the Agency shall issue ATUs in accordance with the following:
  - 1) Any ATUs issued pursuant to this subsection shall be issued to the participating source(s), new participating source(s) or general participant identified in the proposal;
  - 2) If the emissions reduction generator modifies its operating permit as specified in subsection (e) of this Section, to incorporate limitations that make the VOM emissions reductions specified in the relevant proposal enforceable, ATUs shall be issued on the date such source is required to comply with the limitations in the permit and for each

seasonal allotment period thereafter in which the VOM emissions reductions are required by the source's permit;

- 3) If the proposal is based on a partial or complete shut down, as specified in subsection (a)(2) or (a)(4) of this Section, ATUs shall be issued before the seasonal allotment period for each year specified in the proposal;
- 4) If the emissions reduction generator does not modify its permit and the proposal is submitted prior to the availability of actual VOM emissions data from the relevant seasonal allotment period(s), the Agency shall issue ATUs upon final approval which shall occur after actual VOM emissions data is evaluated for the relevant seasonal allotment period;
- 5) If the emissions reduction generator includes information on actual VOM emissions reductions during the seasonal allotment period for which ATUs are sought, ATUs will be issued by the Agency upon final approval of the proposal;
- 6) Except as provided in subsection (h)(7) of this Section, ATUs issued pursuant to this subsection shall only be valid for the seasonal allotment period in which the emissions reductions were achieved;
- 7) If the VOM emissions reductions specified in a proposal are incorporated into the emissions reduction generator's permit or, if the emissions reduction generator shuts down all or a portion of its operations and withdraws all relevant operating permits, ATUs issued pursuant to this subsection shall be valid for the seasonal allotment period following issuance and for the next seasonal allotment period; and
- 8) The number of ATUs issued pursuant to subsection (h)(2) or (h)(3) of this Section based on a proposal under subsection (a)(4) of this Section shall be equal to the number of ATUs otherwise issuable under this Section reduced by 12 percent.

#### Section 205.510 Inter-Sector Transaction

Any person may submit a proposal to the Agency to have ATUs issued to the Transaction Account of a participating source, new participating source or general participant equivalent to VOM emissions reductions from mobile sources or area sources. Any such proposal for the VOM emissions reduction project is subject to Agency review and approval, shall be consistent with laws and regulations and shall include all supporting

documentation. The Agency shall review all such proposals in accordance with the following:

a) Regulatory Based Proposal

If the VOM emission reductions that have been generated or will be generated are pursuant to a regulation that provides the procedure to determine VOM emissions reductions and allows for such reductions to be converted to ATUs, the Agency shall approve the proposal if based on the provisions of the applicable regulation. The Agency shall approve, conditionally approve or deny any complete and adequately supported proposal within 45 days after the Agency's receipt thereof by sending written notification of its decision. If the Agency denies or conditionally approves a proposal, this written notice shall include a statement of the specific reasons for denying or modifying the proposal.

b) Other Proposals

If the proposal is based on VOM emissions reductions that have been generated or will be generated which are beyond VOM emissions reductions required by any mandatory applicable rules, the proposal shall include an explanation of the method(s) used to achieve the VOM emissions reductions and the method(s) used to quantify the VOM emissions reductions, including supporting documentation and calculations. The Agency shall evaluate the validity of VOM emission reductions that allegedly were generated or will be generated and approve, conditionally approve or deny any complete proposal within 90 days after the Agency's receipt by sending written notification of its decision to the source. If the Agency denies or conditionally approves a proposal, this written notice shall include a statement of the specific reasons for denying or modifying the proposal.

c) No ATUs shall be issued based on mobile or area source VOM emissions reductions unless a proposal, in accordance with this Section, has been approved by the Agency.

d) All ATUs issued pursuant to a proposal approved pursuant to this Section shall be issued to the Transaction Account identified in the proposal. Such ATUs shall only be valid for the seasonal allotment period in which the emissions reductions were achieved, unless the Agency specifies in its approval that such ATUs shall be valid for the seasonal allotment period following issuance and for the next seasonal allotment period.

- e) The Agency's determination that a proposal submitted pursuant to this Section is denied or conditionally approved is subject to review by the Board as provided at 35 Ill. Adm. Code 105.102.