

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

AIR QUALITY DIVISION

PART 8. EMISSION LIMITATIONS AND PROHIBITIONS—OXIDES OF NITROGEN

R 336.1811 New source set-aside under oxides of nitrogen budget trading program.

Rule 811. (1) For oxides of nitrogen budget units that commenced operation, or are projected to commence operation, on or after May 1 of the most recent year of the 5 year period used to calculate heat input under R 336.1810(3) and units which have abandoned allocations under R 336.1810(4)(e), the department shall allocate oxides of nitrogen allowances in accordance with the following procedures:

(a) The department shall establish 1 allocation set-aside pool for each ozone control period for electric generating units and large affected units. The allocation set-aside pool shall be allocated 564 tons of oxides of nitrogen allowances in 2004, 2005, and 2006, and 1,452 tons in each year thereafter.

(b) The oxides of nitrogen authorized account representative of an oxides of nitrogen budget unit under this rule may submit to the department an annual request, in writing or in a format specified by the department, to be allocated oxides of nitrogen allowances, starting with the ozone control period during which the oxides of nitrogen budget unit commenced or is projected to commence operation and ending with the ozone control period preceding the ozone control period for which it shall receive an allocation under R 336.1810(4)(a) or (c). The oxides of nitrogen allowance allocation request shall be submitted before March 1 of the year of the first ozone control period for which the oxides of nitrogen allowance allocation is requested and after the date on which the department issues a permit to install the oxides of nitrogen budget unit, and each following year by March 1.

(c) In an oxides of nitrogen allowance allocation request under this subrule, the oxides of nitrogen authorized account representative may request an ozone control period oxides of nitrogen allowance in an amount that does not exceed the following:

(i) For an electricity-generating unit, all of the following:

(A) Fifteen one-hundredths (0.15) pound per million Btu's or the allowable emission rate, whichever is more stringent.

(B) Multiplied by the oxides of nitrogen budget unit's maximum design heat input, or the permit allowable heat input, whichever is more stringent, in million Btu's per hour, divided by 2,000 pounds per ton.

(C) Multiplied by the number of hours remaining in the ozone control period starting with the first day in the ozone control period on which the unit operated or is projected to operate.

(ii) For a large affected unit, all of the following:

(A) Seventeen one-hundredths (0.17) pound per million Btu's or the allowable emission rate, whichever is more stringent.

(B) Multiplied by the oxides of nitrogen budget unit's maximum design heat input, or the permit allowable heat input, whichever is more stringent, in million Btu's per hour, divided by 2,000 pounds per ton.

(C) Multiplied by the number of hours remaining in the ozone control period starting with the first day in the ozone control period on which the unit operated or is projected to operate.

(d) The department shall review, and allocate oxides of nitrogen allowances pursuant to, each oxides of nitrogen allowance allocation request on a pro rata basis as follows:

(i) Upon receipt of the oxides of nitrogen allowance allocation request, the department shall determine whether, and shall make any necessary adjustments to the request to ensure that, for electricity-generating units, the ozone control period and the number of allowances specified are consistent with the requirements of subdivision (c)(i) of this subrule and, for large affected units, the ozone control period and the number of allowances specified are consistent with the requirements of subdivision (c)(ii) of this subrule.

(ii) If the allocation set-aside pool for the ozone control period for which oxides of nitrogen allowances are requested has an amount of oxides of nitrogen allowances greater than or equal to the number requested, as adjusted under paragraph (i) of this subdivision, then the department shall allocate the amount of the oxides of nitrogen allowances requested, as adjusted under paragraph (i) of this subdivision, to the oxides of nitrogen budget unit. Those allowances remaining in the pool shall be retained in the set-aside pool and shall be available the following ozone season.

(iii) If the allocation set-aside pool for the ozone control period for which oxides of nitrogen allowances are requested has an amount of oxides of nitrogen allowances less than the number requested, as adjusted under paragraph (i) of this subrule, then the department shall proportionately reduce the number of oxides of nitrogen allowances allocated to each oxides of nitrogen budget unit for the ozone control period so that the total number of oxides of nitrogen allowances allocated equals 564 tons in 2004, 2005, and 2006, and 1,452 tons in each year thereafter.

(2) For an oxides of nitrogen budget unit that is allocated oxides of nitrogen allowances under subrule (1) of this rule for an ozone control period, the United States environmental protection agency will first deduct oxides of nitrogen allowances to account for the actual utilization of the unit during the ozone control period and then will deduct oxides of nitrogen allowances under 40 C.F.R. §§96.54(b)(1) or 96.54(e) to account for emissions. Title 40 C.F.R. part 96 is adopted by reference in R 336.1803. The United States environmental protection agency will calculate the number of oxides of nitrogen allowances to be deducted to account for the unit's actual utilization using either of the following formulas, rounding to the nearest whole oxides of nitrogen allowance, as appropriate, provided that the number of oxides of nitrogen allowances to be deducted shall be 0 if the number calculated is less than 0:

(a) Oxides of nitrogen allowances deducted for actual utilization for an electricity-generating unit equals unit's oxides of nitrogen allowances allocated for control period minus (unit's actual control period heat input x lesser of 0.15 pound per million Btu's or the allowable emission rate x 2,000 pounds per ton).

(b) Oxides of nitrogen allowances deducted for actual heat input for a large affected unit equals unit's oxides of nitrogen allowances allocated for control period minus (unit's actual control period heat input x lesser of 0.17 pound per million Btu's or the allowable emission rate x 2,000 pounds per ton).

(3) After making the deductions for compliance under 40 C.F.R. §96.54(b)(1) or (e) for an ozone control period, the United States environmental protection agency will notify the department whether any oxides of nitrogen allowances remain in the new source set-aside pool for the ozone control period. Oxides of nitrogen allowances remaining in the new source set-aside pool equal the amount of remaining oxides of nitrogen allowances after making allocations in accordance with subrule (1)(d) of this rule, plus the sum of the amounts of oxides of nitrogen

allowances deducted for actual utilization in accordance with subrule (2). Any such allowances shall remain in the set-aside pool for use in the following ozone seasons. Title 40 C.F.R. part 96 is adopted by reference in R 336.1803.

History: 2002 MR 22, Eff. Dec. 4, 2002; 2004 MR 10, Eff. May 20, 2004.