TITLE 35: ENVIRONMENTAL PROTECTION
SUBTITLE B: AIR POLLUTION
CHAPTER I: POLLUTION CONTROL BOARD
SUBCHAPTER b: ALTERNATIVE REDUCTION PROGRAM

PART 205
EMISSIONS REDUCTION MARKET SYSTEM

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AUTHORITY: Implementing Section 9.8 and authorized by Sections 27 and 28 of the Environmental Protection Act [415 ILCS 5/9.8, 27 and 28].

SOURCE: Adopted at 22 Ill. Reg. _____, effective _____.

SUBPART A: GENERAL PROVISIONS

Section 205.100 Severability

If any Section, subsection, sentence or clause of this Part is judged invalid, such adjudication shall not affect the validity of this Part as a whole or of any Section, subsection, sentence or clause thereof not judged invalid.

Section 205.110 Purpose

The purpose of this Part is to implement the Emissions Reduction Market System (ERMS) regulatory program consistent with the assurances that are specified in Section 9.8 of the Environmental Protection Act [415 ILCS 5/9.8]. The ERMS is designed, as further specified in this Part, to achieve the following:

a) Implement innovative and cost-effective strategies to attain the national ambient air quality standard (NAAQS) for ozone and to meet the requirements of the Clean Air Act;

b) Increase flexibility for participating sources and lessen the economic impacts associated with implementation of the Clean Air Act;

c) Take into account the findings of the national ozone transport assessment coordinated by the Environmental Council of States with participation by the United States Environmental Protection Agency and by the Lake Michigan Air Directors Consortium; and

d) Assure that sources subject to the ERMS regulatory program will not be required to reduce emissions to an extent that exceeds their proportionate share of the total emissions reductions required of all emission sources, including mobile and area sources.

Section 205.120 Abbreviations and Acronyms

Unless otherwise specified within this Part, the abbreviations used in this Part shall be the same as those found in 35 Ill. Adm. Code 211. The following abbreviations and acronyms are used in this Part:

ACMA	Alternative Compliance Market Account
Act	Environmental Protection Act [415 ILCS 5]
ATU	Allotment Trading Unit
BAT	Best Available Technology

CAA	Clean Air Act as amended in 1990 [42 U.S.C. 7401 through 7671q]
CAAPP	Clean Air Act Permit Program
ERMS	Emissions Reduction Market System
LAER	Lowest Achievable Emission Rate
MACT	Maximum Achievable Control Technology
NAAQS	National Ambient Air Quality Standard
NESHAP	National Emission Standards for Hazardous Air Pollutants
RFP	Reasonable Further Progress
ROP	Rate of Progress
USEPA	United States Environmental Protection Agency
VOM	Volatile Organic Material

Section 205.130 Definitions

Unless otherwise specified within this Part, the definitions for the terms used in this Part shall be the same as those found in Section 39.5 of the Act [415 ILCS 5/39.5] and in 35 Ill. Adm. Code 211.

"Account officer" means a natural person who has been approved by the Agency, as specified in Section 205.620 of this Part, and is subsequently responsible for one or more Transaction Accounts to which he or she is designated.

"Allotment" means the number of allotment trading units (ATUs) allotted to a source by the Agency, as established in the source's CAAPP permit.

"Allotment Trading Unit (ATU)" means a tradable unit that represents 200 lbs of VOM emissions and is a limited authorization to emit 200 lbs of VOM emissions during the seasonal allotment period.

"Annual Emissions Report" means the report submitted to the Agency annually pursuant to 35 Ill. Adm. Code 254.

"Baseline emissions" means a participating source's VOM emissions for the seasonal allotment period based on historical operations as determined under Subpart C of this Part. Baseline emissions shall be the basis of the allotment for each participating source.

"Best Available Technology (BAT)" means an emission level based on the maximum degree of reduction of VOM emitted from or which results from any emission unit, which the Agency, on a case-by-case basis, taking into account energy, environmental and economic impacts, determines is achievable for such unit through application of production processes and available methods, systems, and techniques for control of VOM, considering the features and production process and control methods, systems and techniques already used for the unit. BAT for an emission unit shall not be more stringent than Best Available Control

Technology (BACT) as would be determined contemporaneously for such unit under the federal rules for Prevention of Significant Deterioration of Air Quality (PSD), 40 CFR 52.21 (1996). In no event shall application of "best available technology" result in emissions of VOM which exceed the emissions allowed by any standard established pursuant to Section 111 of the Clean Air Act, if such a standard is applicable to the category of emission unit.

"CAAPP" means the Clean Air Act Permit Program, pursuant to Section 39.5 of the Act [415 ILCS 5/39.5].

"Chicago ozone nonattainment area" means the area composed of Cook, DuPage, Kane, Lake, McHenry, and Will Counties and Aux Sable Township and Goose Lake Township in Grundy County and Oswego Township in Kendall County.

"Emergency" means any situation arising from sudden and reasonably unforeseeable events beyond the control of the source, such as an act of God, that requires immediate corrective action to restore normal operation.

"Emissions excursion" refers to the event that occurs when a participating source or new participating source does not hold sufficient ATUs at the end of a reconciliation period to account for its VOM emissions from the preceding seasonal allotment period, in accordance with Section 205.150(c) or (d) of this Subpart.

"Excursion Compensation Notice" means an administrative notice issued by the Agency, pursuant to Section 205.720 of this Part, that notifies the owner or operator of a participating source or new participating source that the Agency has determined that the source has had an emissions excursion.

"General participant" means any person, other than a participating source or new participating source, that obtains a Transaction Account and is allowed to buy and sell ATUs.

"New participating source" means a source not operating prior to May 1, 1999, located in the Chicago ozone nonattainment area, that is required to obtain a CAAPP permit and has or will have seasonal emissions of at least 10 tons of VOM.

"Participating source" means a source operating prior to May 1, 1999, located in the Chicago ozone nonattainment area, that is required to obtain a CAAPP permit and has baseline emissions of at least 10 tons, as specified in Section 205.320(a) of this Part, or seasonal emissions of at least 10 tons in any seasonal allotment period beginning in 1999.

"Reconciliation period" means the period from October 1 through December 31 of each year during which the owner or operator of a participating source or new participating source must compile actual VOM emissions for the previous seasonal allotment period and may also buy or sell ATUs so that sufficient ATUs are held by the source by the conclusion of the reconciliation period.

"Seasonal allotment period" means the period from May 1 through September 30 of each year.

"Seasonal emissions" means actual VOM emissions at a source that occur during a seasonal allotment period.

"Sell" means to transfer ATUs to another person through sale, lease, trade or other means of transfer.

"Special participant" means any person that registers with the Agency and may purchase and retire ATUs but not sell ATUs, as specified in Section 205.610 of this Part.

"Throughput" means the activity of an emission unit during a particular period relevant to its generation of VOM emissions, including, but not limited to, the amount of material transferred for a liquid storage operation, the amount of material processed through or produced by the emission unit, fuel usage, or the weight or volume of coatings or inks.

"Transaction Account" means an account authorized by the Agency or its designee that allows an account officer to buy or sell ATUs.

Section 205.150 Emissions Management Periods

a) The VOM emissions control period is the seasonal allotment period, which is from May 1 through September 30, annually.

b) The reconciliation period is from October 1 to December 31, annually. During each reconciliation period, participating sources and new participating sources shall:

1) Compile data of actual VOM emissions during the immediately preceding seasonal allotment period; and

2) Submit its seasonal emissions component of its Annual Emissions Report, in accordance with Section 205.300 of this Part.

c) At the end of each reconciliation period, on and after the dates specified in Section 205.200 of this Part, each participating source shall:

1) Hold ATUs in an amount not less than its VOM emissions during the preceding seasonal allotment period, except as provided in Sections 205.220, 205.225, 205.315, 205.320(e)(3) or (f) and 205.750 of this Part; or

2) Hold ATUs in an amount not less than 1.3 times its seasonal emissions attributable to a major modification during the preceding seasonal allotment period, if a participating source commences operation of a major modification pursuant to 35 Ill. Adm. Code 203 on or after May 1, 1999. Additionally, such source must hold ATUs in accordance with subsection (c)(1) of this Section for VOM emissions not attributable to this major modification during the preceding seasonal allotment period.

d) At the end of each reconciliation period, on and after the date on which the source commences operation, as specified in Section 205.210 of this Part, each new participating source shall:

1) If the new participating source is a new major source pursuant to 35 Ill. Adm. Code 203, hold ATUs in an amount not less than 1.3 times its VOM emissions during the preceding seasonal allotment period; or

2) If the new participating source is not a new major source pursuant to 35 Ill. Adm. 203, hold ATUs in an amount not less than its VOM emissions during the preceding seasonal allotment period, except as provided in Sections 205.220, 205.225 and 205.750 of this Part.