**Section 225.460 Energy Efficiency and Conservation, Renewable Energy, and Clean Technology Projects**

a) Energy efficiency and conservation project means any of the following projects implemented and located in Illinois:

1) Demand side management projects that reduce overall power demand by using less energy include:

A) Smart building management software that more efficiently regulates power flows.

B) The use of or replacement to high efficiency motors, pumps, compressors, or steam systems.

C) Lighting retrofits.

2) Energy efficient new building construction projects include:

A) ENERGY STAR-qualified new home projects.

B) Measures to reduce or conserve energy consumption beyond the requirements of the Illinois Energy Conservation Code for Commercial Buildings [20 ILCS 687/6-3].

C) New residential construction projects that qualify for Energy Efficient Tax Incentives pursuant to the Energy Policy Act of 2005 (42 USC 15801 (2005)).

3) Supply-side energy efficiency projects include projects implemented to improve the efficiency in electricity generation by coal-fired power plants and the efficiency of electrical transmission and distribution systems.

4) Highly efficient power generation projects, such as, but not limited to, combined cycle projects, combined heat and power, and microturbines. To be considered a highly efficient power generation project pursuant to this subsection (a)(4), a project must meet the following applicable thresholds and criteria:

A) For combined heat and power projects generating both electricity and useful thermal energy for space, water, or industrial process heat, a rated-energy efficiency of at least 60 percent and is not a CAIR NOx unit.

B) For combined cycle projects rated at greater than 0.50 MW, a rated-energy efficiency of at least 50 percent.

C) For microturbine projects rated at or below 0.50 MW and all other projects, a rated-energy efficiency of at least 40 percent.

b) Renewable energy project means any of the following projects implemented and located in Illinois:

1) Zero-emission electric generating projects, including wind, solar (thermal or photovoltaic), and hydropower projects. Eligible hydropower plants are restricted to new generators, that are not replacements of existing generators, that commenced operation on or after January 1, 2006, and that do not involve the significant expansion of an existing dam or the construction of a new dam.

2) Renewable energy units are those units that generate electricity using more than 50 percent of the heat input, on an annual basis, from dedicated crops grown for energy production or the capture systems for methane gas from landfills, water treatment plants or sewage treatment plants, and organic waste biomass, and other similar sources of non-fossil fuel energy. Renewable energy projects do not include energy from incineration by burning or heating of waste wood, tires, garbage, general household waste, institutional lunchroom waste, office waste, landscape waste, or construction or demolition debris.

c) Clean technology project for reducing emissions from producing electricity and useful thermal energy means any of the following projects implemented and located in Illinois:

1) Air pollution control equipment upgrades at existing coal-fired EGUs, as follows: installation of flue gas desulfurization (FGD) for control of SO2 emissions; installation of a baghouse for control of particulate matter emissions; and installation of selective catalytic reduction (SCR), selective non-catalytic reduction (SNCR), or other add-on control devices for control of NOx emissions. For this purpose, a unit will be considered "existing" after it has been in commercial operation for at least eight years. Air pollution control upgrade projects do not include the addition of low NOx burners, overfired air techniques or gas reburning techniques for control of NOx emissions; projects involving flue gas conditioning techniques or upgrades, or replacement of electrostatic precipitators; or addition of an activated carbon injection or other sorbent injection system for control of mercury.

2) Clean coal technologies projects include:

A) Integrated gasification combined cycle (IGCC) plants.

B) Fluidized bed coal combustion that commenced operation prior to December 31, 2006.

d) In addition to those projects excluded in subsections (a) through (c) of this Section, the following projects are also not energy efficiency and conservation, renewable energy, or clean technology projects:

1) Nuclear power projects.

2) Projects required to meet emission standards or technology requirements under State or federal law or regulation, except that allowances may be allocated for:

A) The installation of a baghouse.

B) Projects undertaken pursuant to Section 225.233 or Subpart F.

3) Projects used to meet the requirements of a court order or consent decree, except that allowances may be allocated for:

A) Emission rates or limits achieved that are lower than what is required to meet the emission rates or limits for SO2 or NOx, or for installing a baghouse as provided for in a court order or consent decree entered into before May 30, 2006.

B) Projects used to meet the requirements of a court order or consent decree entered into on or after May 30, 2006, if the court order or consent decree does not specifically preclude such allocations.

4) A Supplemental Environmental Project (SEP).

e) Applications for projects implemented and located in Illinois that are not specifically listed in subsections (a) through (c) of this Section, and that are not specifically excluded by definition in subsections (a) through (c) of this Section or by specific exclusion in subsection (d) of this Section, may be submitted to the Agency. The application must designate which category or categories from those listed in subsections (a)(1) through (c)(2)(B) of this Section best fit the proposed project and the applicable formula pursuant to Section 225.465(b) to calculate the number of allowances that it is requesting. The Agency will determine whether the application is approvable based on a sufficient demonstration by the project sponsor that the project is a new type of energy efficiency, renewable energy, or clean technology project, similar in its effects as the projects specifically listed in subsections (a) through (c)(2)(B) of this Section.

f) Early adopter projects include projects that meet the criteria for any energy efficiency and conservation, renewable energy, or clean technology projects listed in subsections (a), (b), (c), and (e) of this Section and commence construction between July 1, 2006 and December 31, 2012.

(Source: Added at 31 Ill. Reg. 12864, effective August 31, 2007)