**Section 225.565 Clean Air Set-Aside (CASA) Allowances**

a) The CAIR NOx Ozone Season allowances for the CASA for each control period will be assigned to the following categories of projects:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Phase I | Phase II |
| (2009-2014) | (2015 and thereafter) |
| 1) | Energy Efficiency and Conservation/Renewable Energy | 3684 | 3479 |
| 2) | Air Pollution Control Equipment Upgrades | 1535 | 1448 |
| 3) | Clean Coal Technology Projects | 1842 | 1738 |
| 4) | Early Adopters | 614 | 580 |

b) The following formulas must be used to determine the number of CASA allowances that may be allocated to a project per control period:

1) For an energy efficiency and conservation project pursuant to Section 225.560(a)(1) through (a)(4)(A), the number of allowances must be calculated using the number of megawatt hours of electricity that was not consumed during a control period and the following formula:

|  |  |  |
| --- | --- | --- |
| A | = | (MWhc) × (1.5 lb/MWh) / 2000 lb |

Where:

|  |  |  |
| --- | --- | --- |
| A | = | The number of allowances for a particular project. |
| MWhc | = | The number of megawatt hours of electricity conserved or generated during a control period by a project. |

2) For a zero emission electric generating project pursuant to Section 225.560(b)(1), the number of allowances must be calculated using the number of megawatt hours of electricity generated during a control period and the following formula:

|  |  |  |
| --- | --- | --- |
| A | = | (MWhg) × (2.0 lb/MWh) / 2000 lb |

Where:

|  |  |  |
| --- | --- | --- |
| A | = | The number of allowances for a particular project |
| MWhg | = | The number of megawatt hours of electricity generated during a control period by a project. |

3) For a renewable energy emission unit pursuant to Section 225.560(b)(2), the number of allowances must be calculated using the number of megawatt hours of electricity generated during a control period and the following formula:

|  |  |  |
| --- | --- | --- |
| A | = | (MWhg) × (0.5 lb/MWh) / 2000 lb |

Where:

|  |  |  |
| --- | --- | --- |
| A | = | The number of allowances for a particular project. |
| MWhg | = | The number of MW hours of electricity generated during a control period by a project. |

4) For an air pollution control equipment upgrade project pursuant to Section 225.560(c)(1), the number of allowances must be calculated using the emission rate before and after replacement or improvement, and the following formula:

|  |  |  |
| --- | --- | --- |
| A | = | (MWhg) × 0.10 × (ERB lb/MWh - ERA lb/MWh) / 2000 lb |

Where:

|  |  |  |
| --- | --- | --- |
| A | = | The number of allowances for a particular project. |
| MWhg | = | The number of MWhs of electricity generated during a control period by a project. |
| ERB | = | Average NOx emission rate based on CEMS data from the most recent two control periods prior to the replacement or improvement of the control equipment in lb/MWh, unless subject to a consent decree or court order. For units subject to a consent decree or court order entered into before May 30, 2006, ERB is limited to emission rates or limits that are lower than the emission rate or limit required in the consent decree |
|  |  | or court order. On or after May 30, 2006, ERB is limited to emission rates or limits specified in the consent decree or court order. If such limit is not expressed in lb/MWh, the limit shall be converted into lb/MWh using a heat rate of 10 mmBtu/1 MW. |
| ERA | = | Average NOx emission rate for the applicable control period data based on CEMS data in lb/MWh. |

5) For highly efficient power generation and clean coal technology projects:

A) For projects other than fluidized coal combustion pursuant to Section 225.560(a)(4)(B), (a)(4)(C), and (c)(2), the number of allowances must be calculated using the number of MWh of electricity the project generates during a control period and the following formula:

|  |  |  |
| --- | --- | --- |
| A | = | (MWhg) × (1.0 lb/MWh - ER lb/MWh) / 2000 lb |

Where:

|  |  |  |
| --- | --- | --- |
| A | = | The number of allowances for a particular project. |
| MWhg | = | The number of megawatt hours of electricity generated during a control period by a project. |
| ER | = | Annual average NOx emission rate based on CEMS data in 1b/MWh. |

B) For fluidized bed coal combustion projects pursuant to Section 225.560(c)(2), the number of allowances shall be calculated using the number of gross MWh of electricity the project generates during a control period and the following formula:

|  |  |  |
| --- | --- | --- |
| A | = | (MWhg) × (1.4 lb/MWh - ER lb/MWh) / 2000 lb |

Where:

|  |  |  |
| --- | --- | --- |
| A | = | The number of allowances for a particular project. |
| MWhg | = | The number of gross MWh of electricity generated during a control period by a project. |
| ER | = | Annual NOx emission rate for the control period based on CEMS data in lb/MWh. |

6) For a CASA project that commences construction before December 31, 2012, in addition to the allowances allocated pursuant to subsections (b)(1) through (b)(5) of this Section, a project sponsor may also request additional allowances under the early adopter project category pursuant to Section 225.560(e) based on the following formula:

|  |  |  |
| --- | --- | --- |
| A | = | 1.0 + 0.10 × Σ Ai |

Where:

|  |  |  |
| --- | --- | --- |
| A | = | The number of allowances for a particular project as determined in subsections (b)(1) through (b)(5) of this Section. |
| Ai | = | The number of allowances as determined in subsection (b)(1), (b)(2), (b)(3), (b)(4) or (b)(5) of this Section for a given project. |

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