

# RECLAIM Working Group Meeting

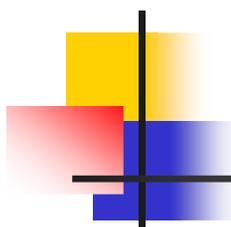
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March 19, 2004



# Background

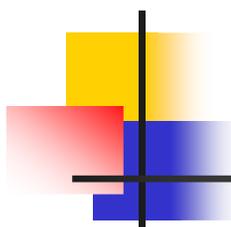




# Background

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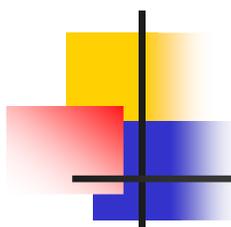
- RECLAIM Trading Credit (RTC) prices steady through 1999 and early 2000
- RECLAIM 2000
  - Energy crisis
  - RTC Price spike
- October 2000 Board Meeting



# Background

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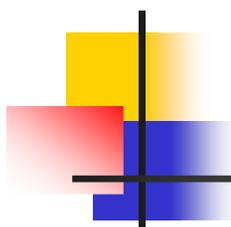
- January 2001 Board Meeting
- May 2001 Rule Amendment
  - Restricted trading
  - Required NO<sub>x</sub> Controls
  - Added Credit Generation Rules and Mitigation Fee Program
- June 2003 Board Meeting



# Background

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- December 2003 Rule Amendment
  - Trading restrictions lifted on power producers
  - Effective September 2004
  - Contingent on BARCT Assessment
- Proposed 2004 Rule Amendments
  - 2003 AQMP Control Measure
  - BARCT Assessment
  - Breakdown Emissions

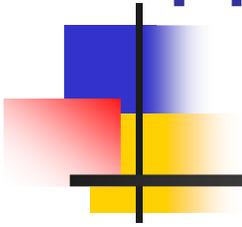


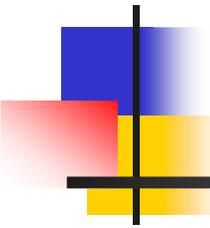
# Background

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- Other Proposed Rule Amendments
  - New emission factor for micro-turbines
  - Environmental dispatch procedures
  - Procedure for reducing annual emissions allocations in response to exceedances
  - Schedule for Relative Accuracy Test Audits (RATA)
  - Other changes to Protocols

# Outline of Proposed Amended RECLAIM Rules

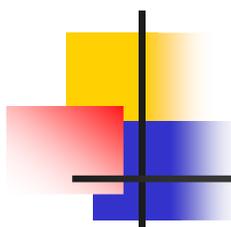




# Proposed Amended Rules

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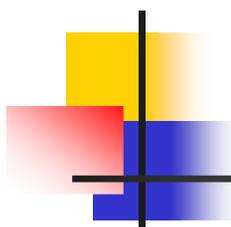
PAR 2002 – Allocations for Oxides  
of Nitrogen ( $\text{NO}_x$ ) and Oxides of  
Sulfur ( $\text{SO}_x$ )



# PAR 2002

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- 2010 RTC Holding Adjustment
- Non-Tradable Allocations for Power Plants
- Emission Factor for Micro-Turbines

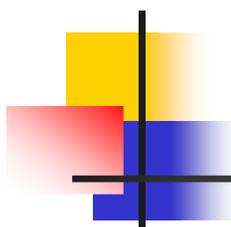


## PAR 2002 (continued)

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### 2010 RTC Holding Adjustment

- Emission reductions by all RTC holders
- 2003 AQMP analysis
- Programmatic basis
- Implemented over a five-year period
- Initial (one-fifth) reductions in 2006

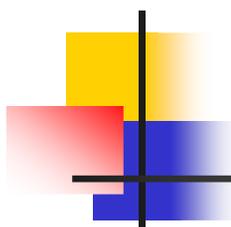


## PAR 2002 (continued)

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### 2010 RTC Holding Adjustment (cont.)

- Specific percent reduction from the 2003 Allocation
- Exact percentage subject to the BARCT analysis
- Equal increments each year
- After 2010 Allocations remains level.

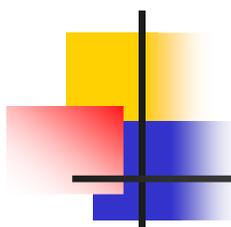


# PAR 2002 (continued)

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## Non-Tradable Allocations

- Address future potential spikes or increases in electrical generation demand
- Available for power producing facilities
- Portion of their annual Allocation (not yet determined)
- Beginning in the 2006 compliance year and each subsequent compliance year

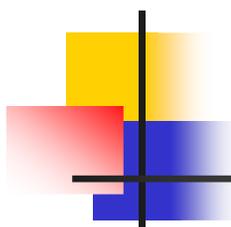


# PAR 2002 (continued)

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## Non-Tradable Allocations (continued)

- Reserved portion of Power Plant's RTCs
- Used in the event of high electrical demand
- Not to be Used for:
  - equipment modifications
  - change in feedstock or raw materials or
  - any other changes except increases in throughput due to higher electricity generation demand

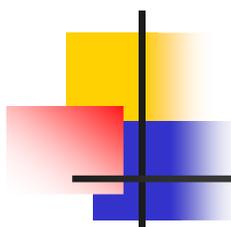


## PAR 2002 (continued)

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### Non-Tradable Allocations (continued)

- Request to use submitted to the AQMD
- Prior to the end of the compliance quarter for which the non-tradable credits are needed.

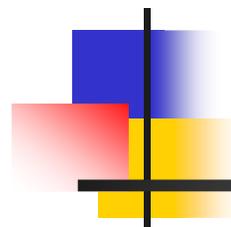


# PAR 2002 (continued)

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## Emission Factor for Micro-Turbines

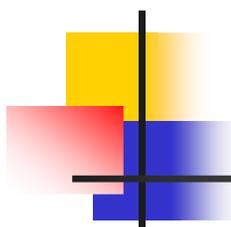
- Administrative change to Table 1
- Current default factor is 413 pounds per million standard cubic feet (lbs/mmscf)
- Proposed factor is 54.4 (lbs/mmscf).



# Proposed Amended Rules

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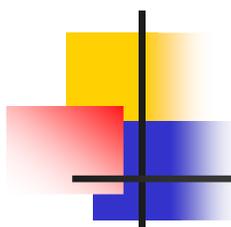
PAR 2007 – Trading Requirements



# PAR 2007

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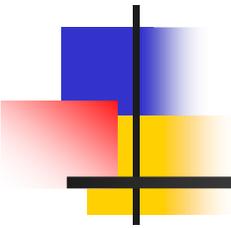
- Clarifications
- Power Plants reconcile emissions using RTCs purchased prior to January 12, 2001 through the compliance quarter ending August 31, 2004



## PAR 2007 (continued)

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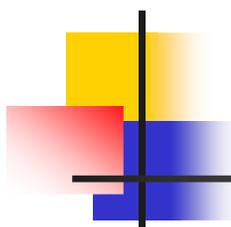
- Changed to September 30 to reflect correct date
- Restore full trading for Power Plants to date of rule amendment



# Proposed Amended Rules

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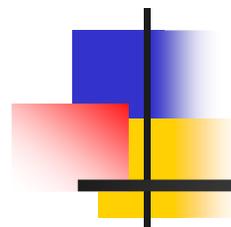
PAR 2009 – Compliance Plan for  
Power Producing Facilities



# PAR 2009

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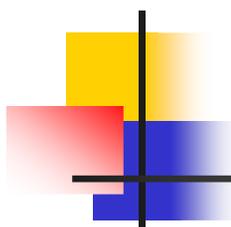
- Environmental Dispatch
- Current compliance plan expires at the end of the 2005 compliance year
- Change sunset date to the date of rule amendment.



# Proposed Amended Rules

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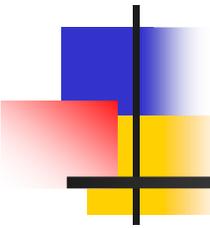
PAR 2010 – Administrative  
Remedies and Sanctions



# PAR 2010

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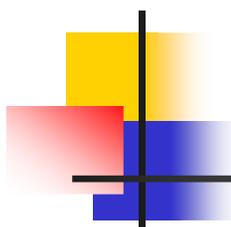
- Clarification on deductions for quarterly exceedances
- Add quarterly exceedances to calculate total annual exceedance and
- Deduct annual exceedances



# Proposed Amended Rules

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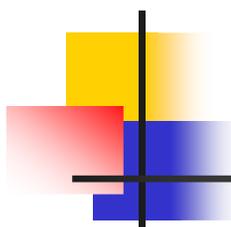
PAR 2011 and 2012 – Requirements  
for Monitoring, Reporting, and  
Recordkeeping for Oxides of Sulfur and  
Nitrogen



# PAR 2011 and 2012

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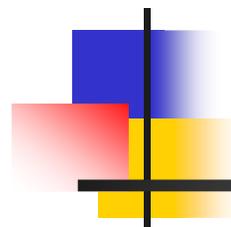
- Consistent due date for monthly interim reports = 15 days
- Testing procedures for natural gas combustion sources with O<sub>2</sub> content greater than 19%



## PAR 2011 and 2012 (cont.)

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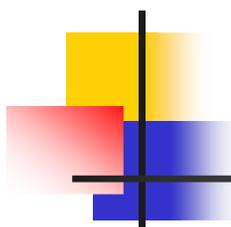
- RATA schedule for periodically operated equipment
- Correction of typographical errors in the protocols.



# Proposed Amended Rules

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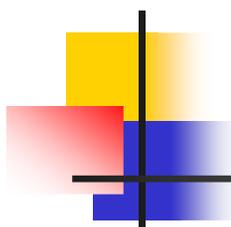
PAR 2015 – Backstop Provisions



# PAR 2015

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- Breakdown Emissions
- Set-Aside
- Deletion of Obsolete Language

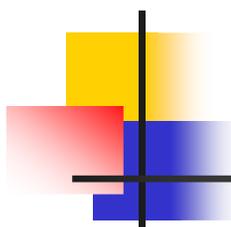


# PAR 2015 (continued)

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## Breakdown Emissions

- May 2001 RECLAIM – SIP issue
- September 20, 1999 EPA policy
- Mitigation of all excess emissions during equipment malfunctions, startup, and shutdown

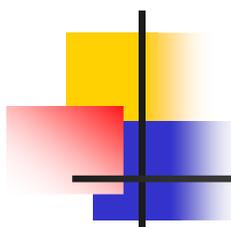


# PAR 2015 (continued)

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## Breakdown Emissions

- Monitoring and tracking of excess emissions from breakdowns
- Compare that amount to unused RTCs each year for the entire RECLAIM program

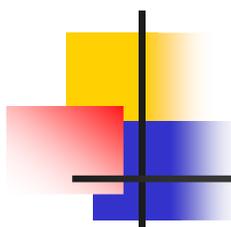


# PAR 2015 (continued)

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## Breakdown Emissions

- If yearly breakdown emissions from all RECLAIM sources exceeds the unused RTCs, then programmatic reductions from all RECLAIM allocations in the year following the discovery.

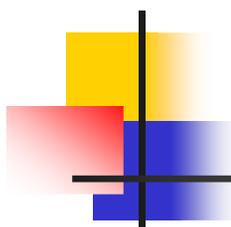


# PAR 2015 (continued)

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## Set-Aside

- Backstop measure
- If Price exceeds \$15,000 per ton
- Deduction from all RTC holdings (not yet determined) beginning with the 2006 compliance year

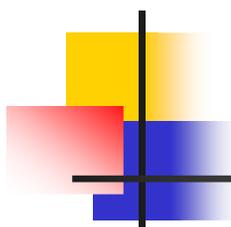


# PAR 2015 (continued)

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## Set-Aside (continued)

- Accessible to any RECLAIM facility
- Non-tradable RTCs
- First-come-first-served basis

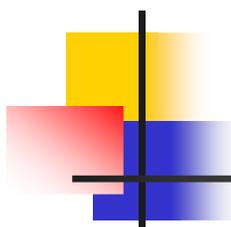


# PAR 2015 (continued)

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## Set-Aside (continued)

- Transfer only to facilities under common ownership
- Reconcile emissions pursuant to Rule 2004
- Unused RTCs retired to the benefit of the environment.



# Schedule

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- March 11 to April 9, 2004 - Notice of Preparation
- April 2004 - Public Workshop
- April to June 2004 - Working Group Meetings
- July/August 2004 Public Hearing