

3745-103-48 **Transfer of allowances from the replacement of thermal energy;
combustion sources.**

[Comment: For dates of non-regulatory government publications, publications of recognized organizations and associations, federal rules, and federal statutory provisions referenced in this rule, see paragraph (C) of rule 3745-103-01 of the Administrative Code titled "Referenced materials."]

(A) Thermal energy plan.

- (1) General provisions. The designated representative of an opt-in source that seeks to qualify for the transfer of allowances based on the replacement of thermal energy by a replacement unit shall submit a thermal energy plan subject to the requirements of paragraph (A) of rule 3745-103-09 of the Administrative Code for multi-unit compliance options and this rule. The effective period of the thermal energy plan shall begin at the beginning of the calendar quarter (either January first, April first, July first, or October first) for which the plan is approved and end December thirty-first of the last full calendar year for which the opt-in permit containing the plan is in effect.
- (2) Applicability. This section shall apply to any designated representative of an opt-in source and any designated representative of each replacement unit seeking to transfer allowances based on the replacement of thermal energy.
- (3) Contents. Each thermal energy plan shall contain the following elements in a format prescribed by the USEPA:
 - (a) The calendar year and quarter that the thermal energy plan takes effect, which shall be the first year and quarter the replacement unit(s) will replace thermal energy of the opt-in source;
 - (b) The name, authorized account representative identification number, and telephone number of the designated representative of the opt-in source;
 - (c) The name, authorized account representative identification number, and telephone number of the designated representative of each replacement unit;
 - (d) The account identification number in the allowance tracking system of the source that includes the opt-in source;
 - (e) The account identification number in the allowance tracking system of each source that includes a replacement unit;
 - (f) The type of fuel used by each replacement unit;

- (g) The allowable SO₂ emissions rate, expressed in pounds of SO₂ per MMBtu, of each replacement unit for the calendar year for which the plan will take effect. When a thermal energy plan is renewed in accordance with paragraph (A)(9) of this rule, the allowable SO₂ emission rate at each replacement unit will be the most stringent federally enforceable allowable SO₂ emissions rate applicable at the time of renewal for the calendar year for which the renewal will take effect. This rate will not be annualized;
- (h) The estimated annual amount of total thermal energy to be reduced at the opt-in source, including all energy flows (steam, gas, or hot water) used for any process or in any heating or cooling application, and, for a plan starting April first, July first, or October first such estimated amount of total thermal energy to be reduced starting April first, July first or October first respectively and ending on December thirty-first;
- (i) The estimated amount of total thermal energy at each replacement unit for the calendar year prior to the year for which the plan is to take effect, including all energy flows (steam, gas, or hot water) used for any process or in any heating or cooling application, and, for a plan starting April first, July first, or October first, such estimated amount of total thermal energy for the portion of such calendar year starting April first, July first, or October first respectively and ending on December thirty-first;
- (j) The estimated annual amount of total thermal energy at each replacement unit after replacing thermal energy at the opt-in source, including all energy flows (steam, gas, or hot water) used for any process or in any heating or cooling application, and, for a plan starting April first, July first, or October first, such estimated amount of total thermal energy at each replacement unit after replacing thermal energy at the opt-in source starting April first, July first, or October first respectively and ending December thirty-first;
- (k) The estimated annual amount of thermal energy at each replacement unit, including all energy flows (steam, gas, or hot water) used for any process or in any heating or cooling application, replacing the thermal energy at the opt-in source, and, for a plan starting April first, July first, or October first, such estimated amount of thermal energy replacing thermal energy at the opt-in source starting April first, July first, or October first respectively and ending December thirty-first;
- (l) The estimated total annual fuel input at each replacement unit after replacing thermal energy at the opt-in source, and, for a plan starting April first, July first, or October first, such estimated total fuel input after replacing thermal energy at the opt-in source starting April first, July first, or October first respectively and ending December thirty-first;

- (m) The number of allowances calculated under paragraph (B) of this rule that the opt-in source will transfer to each replacement unit represented in the thermal energy plan;
 - (n) The estimated number of allowances to be deducted for reduced utilization under rule 3745-103-45 of the Administrative Code;
 - (o) Certification that each replacement unit has entered into a legally binding steam sales agreement to provide the thermal energy, as calculated under paragraph (A)(3)(k) of this rule, that it is replacing for the opt-in source. The designated representative of each replacement unit shall maintain and make available, at the USEPA or the director's request, copies of documents demonstrating that the replacement unit is replacing the thermal energy at the opt-in source.
- (4) Submission. The designated representative of the opt-in source seeking to qualify for the transfer of allowances based on the replacement of thermal energy shall submit a thermal energy plan to the director by no later than six months prior to the first calendar year for which the plan is to be in effect. The thermal energy plan shall be signed and certified by the designated representative of the opt-in source and each replacement unit covered by the plan.
- (5) Retirement of opt-in source upon enactment of plan.
- (a) If the opt-in source will be permanently retired as of the effective date of the thermal energy plan, the opt-in source shall not be required to monitor its emissions upon retirement, consistent with 40 CFR 75.67, provided that the following requirements are met:
 - (i) The designated representative of the opt-in source shall include in the plan a request for an exemption from the requirements of 40 CFR Part 75 in accordance with 40 CFR 75.67 and shall submit the following statement: "I certify that the opt-in source "is" or "will be", as applicable permanently retired on the date specified in this plan and will not emit any sulfur dioxide or nitrogen oxides after such date."
 - (ii) The opt-in source shall not emit any sulfur dioxide or nitrogen oxides after the date specified in the plan.
 - (b) Notwithstanding the monitoring exemption discussed in paragraph (A)(5)(a) of this rule, the designated representative for the opt-in source shall submit the annual compliance certification report provided under paragraph (D) of this rule.

- (6) USEPA's action. If the director approves a thermal energy plan, the USEPA will annually transfer allowances to the compliance account of each source that includes a replacement unit, as provided in the approved plan.
- (7) Incorporation, modification and renewal of a thermal energy plan.
 - (a) An approved thermal energy plan, including any revised or renewed plan that is approved, shall be incorporated into both the opt-in permit for the opt-in source and the acid rain permit for each replacement unit governed by the plan. Upon approval, the thermal energy plan shall be incorporated into the acid rain permit for each replacement unit pursuant to the requirements for administrative permit amendments under rule 3745-103-18 of the Administrative Code.
 - (b) In order to revise an opt-in permit to add an approved thermal energy plan or to change an approved thermal energy plan, the designated representative of the opt-in source shall submit a plan or a revised plan under paragraph (A)(4) of this rule and meet the requirements for permit revisions under rule 3745-103-15 of the Administrative Code and either rule 3745-103-16 or 3745-103-17 of the Administrative Code.
- (8) Termination of plan.
 - (a) A thermal energy plan shall be in effect until the earlier of the expiration of the opt-in permit for the opt-in source or the year for which a termination of the plan takes effect under paragraph (A)(8)(b) of this rule.
 - (b) Termination of plan by opt-in source and replacement units. A notification to terminate a thermal energy plan in accordance with paragraph (C) of rule 3745-103-09 of the Administrative Code shall be submitted no later than December first of the calendar year for which the termination is to take effect.
 - (c) If the requirements of paragraph (A)(8)(b) of this rule are met and upon revision of the opt-in permit of the opt-in source and the acid rain permit of each replacement unit governed by the thermal energy plan to terminate the plan pursuant to rule 3745-103-18 of the Administrative Code, the USEPA will adjust the allowances for the opt-in source and the replacement units to reflect the transfer back to the opt-in source of the allowances transferred from the opt-in source under the plan for the year for which the termination of the plan takes effect.
- (9) Renewal of thermal energy plan. The designated representative of an opt-in source may renew the thermal energy plan as part of its opt-in permit renewal in accordance with rule 3745-103-32 of the Administrative Code.

(B) Calculation of transferable allowances.

- (1) Qualifying thermal energy. The amount of thermal energy credited towards the transfer of allowances based on the replacement of thermal energy shall equal the qualifying thermal energy and shall be calculated for each replacement unit as follows:

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Qualifying thermal energy = The estimated thermal energy at the replacement unit under paragraph (A)(3)(k) of this rule

- (2) Fuel associated with qualifying thermal energy. The fuel associated with the qualifying thermal energy at each replacement unit shall be calculated as follows:

$$\text{Fuel associated with qualifying thermal energy} = \frac{\text{Qualifying thermal energy}}{\text{Efficiency constant}}$$

Where,

"Qualifying thermal energy" for the replacement is as defined in paragraph (B)(1) of this rule; "efficiency constant" for the replacement unit equals 0.85, where the replacement unit is a boiler, and equals 0.80, where the replacement unit is a cogenerator.

- (3) Allowances transferable from the opt-in source to each replacement unit. The number of allowances transferable from the opt-in source to each replacement unit for the replacement of thermal energy is calculated as follows:

$$\text{Transferable allowances for the replacement unit} = \frac{\text{Fuel associated with qualifying thermal energy} \times \text{Allowable SO}_2 \text{ emission Rate}_{\text{replacement unit}} \text{ (in lb/mmBtu)}}{2000}$$

Where, "allowable SO₂ emission rate" for the replacement unit is as defined in paragraph (A)(3)(g) of this rule; "fuel associated with qualifying thermal energy" is as defined in paragraph (B)(2) of this rule;

- (C) Transfer prohibition. The allowances transferred from the opt-in source to each replacement unit shall not be transferred from the compliance account of the source that includes the replacement unit to any other allowance tracking system account.

(D) Compliance

- (1) Annual compliance certification report.

- (a) As required for all opt-in sources, the designated representative of the opt-in source covered by a thermal energy plan shall submit an opt-in utilization

report for the calendar year as part of its annual compliance certification report under paragraph (C)(1) of rule 3745-103-45 of the Administrative Code.

- (b) The designated representative of an opt-in source shall submit a thermal energy compliance report for the calendar year as part of the annual compliance certification report, which must include the following elements in a format prescribed by the USEPA:
 - (i) The name, authorized account representative identification number, and telephone number of the designated representative of the opt-in source;
 - (ii) The name, authorized account representative identification number, and telephone number of the designated representative of each replacement unit;
 - (iii) The account identification number in the allowance tracking system of the source that includes the opt-in source;
 - (iv) The account identification number in the allowance tracking system of each source that includes a replacement unit;
 - (v) The actual amount of total thermal energy reduced at the opt-in source during the calendar year, including all energy flows (steam, gas, or hot water) used for any process or in any heating or cooling application;
 - (vi) The actual amount of thermal energy at each replacement unit, including all energy flows (steam, gas, or hot water) used for any process or in any heating or cooling application, replacing the thermal energy at the opt-in source;
 - (vii) The actual amount of total thermal energy at each replacement unit after replacing thermal energy at the opt-in source, including all energy flows (steam, gas, or hot water) used for any process or in any heating or cooling application;
 - (viii) The actual total fuel input at each replacement unit as determined in accordance with 40 CFR Part 75;
 - (ix) The calculations of allowance adjustments to be performed by the USEPA in accordance with paragraph (D)(2) of this rule.

(2) Allowance adjustments by USEPA.

- (a) The USEPA will adjust the number of allowances in the compliance account for each source that includes the opt-in source or a replacement unit to

reflect any changes between the estimated values submitted in the thermal energy plan pursuant to paragraph (A) of this rule and the actual values submitted in the thermal energy compliance report pursuant to paragraph (D) of this rule. The values to be considered for this adjustment include:

- (i) The number of allowances transferable by the opt-in source to each replacement unit, calculated in paragraph (B) of this rule using the actual, rather than estimated, thermal energy at the replacement unit replacing thermal energy at the opt-in source.
 - (ii) The number of allowances deducted from the compliance account of the source that includes the opt-in source, calculated under paragraph (B)(2) of rule 3745-103-45 of the Administrative Code.
- (b) If the opt-in source includes in the opt-in utilization report under rule 3745-103-45 of the Administrative Code estimates for reductions in heat input, then the USEPA will adjust the number of allowances in the compliance account for each source that includes the opt-in source or a replacement unit to reflect any differences between the estimated values submitted in the opt-in utilization report and the actual values submitted in the confirmation report pursuant to paragraph (C)(2) of rule 3745-103-45 of the Administrative Code.
- (3) Liability. The owners and operators of an opt-in source or a replacement unit governed by an approved thermal energy plan shall be liable for any violation of the plan or this rule at that opt-in source or replacement unit that is governed by the thermal energy plan, including liability for fulfilling the obligations specified in 40 CFR Part 77 and section 411 of the Clean Air Act.

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