**Section 225.445 New Unit Set-Aside (NUSA)**

For the 2009 control period and each control period thereafter, the Agency will allocate CAIR NOx allowances from the NUSA to CAIR NOx units that commenced commercial operation on or after January 1, 2006, and do not yet have an allocation for the particular control period or any preceding control period pursuant to Section 225.440, in accordance with the following procedures:

a) Beginning with the 2009 control period and each control period thereafter, the Agency will establish a separate NUSA for each control period. Each NUSA will be allocated CAIR NOx allowances equal to five percent of the amount of tons of NOx emissions in the base CAIR NOx Annual Trading budget in Section 225.425.

b) The CAIR designated representative of a new CAIR NOx unit may submit to the Agency a request, in a format specified by the Agency, to be allocated CAIR NOx allowances from the NUSA, starting with the first control period after the control period in which the new unit commences commercial operation and until the fifth control period after the control period in which the unit commenced commercial operation. The NUSA allowance allocation request may only be submitted after a new unit has operated during one control period, and no later than March 1 of the control period for which allowances from the NUSA are being requested.

c) In a NUSA allowance allocation request pursuant to subsection (b) of this Section, the CAIR designated representative must provide in its request information for gross electrical output and useful thermal energy, if any, for the new CAIR NOx unit for that control period.

d) The Agency will allocate allowances from the NUSA to a new CAIR NOx unit using the following procedures:

1) For each new CAIR NOx unit, the unit's gross electrical output for the most recent control period will be used to calculate the unit's gross electrical output. If a generator is served by two or more units, the gross electrical output of the generator will be attributed to each unit in proportion to the unit's share of the total control period heat input of these units for the control period. The new unit's converted gross electrical output will be calculated as follows:

A) If the unit is coal-fired:

CGO (in MWh) = GO (in MWh) × 1.0;

B) If the unit is oil-fired:

CGO (in MWh) = GO (in MWh) × 0.6; or

C) If the unit is neither coal-fired nor oil-fired:

CGO (in MWh) = GO (in MWh) × 0.4.

2) If the unit is a combustion turbine or boiler and has equipment used to produce electricity and useful thermal energy for industrial, commercial, heating, or cooling purposes through the sequential use of energy, the Agency will add the converted gross electrical output calculated for electricity pursuant to subsection (d)(1) of this Section to the converted useful thermal energy to determine the total converted gross electrical output for the unit. The Agency will determine the converted useful thermal energy using the unit's useful thermal energy for the most recent control period. The converted useful thermal energy will be determined using the following equations:

A) If the unit is coal-fired:

CUTE (in MWh) = UTE (in mmBtu) × 0.2930;

B) If the unit is oil-fired:

CUTE (in MWh) = UTE (in mmBtu) × 0.1758; or

C) If the unit is neither coal-fired nor oil-fired:

CUTE (in MWh) = UTE (in mmBtu) × 0.1172.

3) The gross electrical output and useful thermal energy in subsections (d)(1) and (d)(2) of this Section for each control period will be based on the best available data reported or available to the Agency for the CAIR NOx unit pursuant to the provisions of Section 225.450.

4) The Agency will determine a unit's unprorated allocation (*UAy*) using the unit's converted gross electrical output plus the unit's converted useful thermal energy, if any, calculated in subsections (d)(1) and (d)(2) of this Section, converted to approximate NOx tons (the unit's unprorated allocation), as follows:

|  |  |  |
| --- | --- | --- |
| UAy | = | NCGOy \* (1.0 lbs/MWh) |
| 2000 lbs/ton |

Where:

|  |  |  |
| --- | --- | --- |
| UAy | = | unprorated allocation to a new CAIR NOx unit. |
| NCGOy | = | converted gross electrical output or total converted gross electrical output, as applicable, for a new CAIR NOx unit. |

5) The Agency will allocate CAIR NOx allowances from the NUSA to new CAIR NOx units as follows:

A) If the NUSA for the control period for which CAIR NOx allowances are requested has a number of allowances greater than or equal to the total unprorated allocations for all new units requesting allowances, the Agency will allocate the number of allowances using the unprorated allocation determined for that unit pursuant to subsection (d)(4) of this Section, to the extent that whole allowances may be allocated. For any additional allowances beyond this allocation of whole allowances, the Agency will retain the additional allowances in the NUSA for allocation pursuant to this Section in later control periods.

B) If the NUSA for the control period for which the allowances are requested has a number of CAIR NOx allowances less than the total unprorated allocation to all new CAIR NOx units requesting allocations, the Agency will allocate the available allowances for new CAIR NOx units on a pro-rata basis, using the unprorated allocation determined for that unit pursuant to subsection (d)(4) of this Section, to the extent that whole allowances may be allocated. For any additional allowances beyond this allocation of whole allowances, the Agency will retain the additional allowances in the NUSA for allocation pursuant to this Section in later control periods.

e) The Agency will review each NUSA allowance allocation request pursuant to subsection (b) of this Section. The Agency will accept a NUSA allowance allocation request only if the request meets, or is adjusted by the Agency as necessary to meet, the requirements of this Section.

f) By June 1 of the applicable control period, the Agency will notify each CAIR designated representative that submitted a NUSA allowance request of the amount of CAIR NOx allowances from the NUSA, if any, allocated for the control period to the new unit covered by the request.

g) The Agency will allocate CAIR NOx allowances to new units from the NUSA no later than October 31 of the applicable control period.

h) After a new CAIR NOx unit has operated in one control period, it becomes an existing unit for the purposes of calculating future allocations in Section 225.440 only, and the Agency will allocate CAIR NOx allowances for that unit, for the control period commencing five control periods after the control period in which the unit commences commercial operation, pursuant to Section 225.440. For example, if a unit commences commercial operation in 2009, in 2010, the Agency will allocate to that unit allowances pursuant to Section 225.440 for the 2014 control period. The new CAIR NOx unit will continue to receive CAIR NOx allowances from the NUSA according to this Section until the unit is eligible to use the CAIR NOx allowances allocated to the unit pursuant to Section 225.440.

i) If, after the completion of the procedures in subsection (c) of this Section for a control period, any unallocated CAIR NOx allowances remain in the NUSA for the control period, the Agency will, at a minimum, accrue those CAIR NOx allowances for future control period allocations to new CAIR NOx units. The Agency may from time to time elect to retire CAIR NOx allowances in the NUSA that are in excess of 15,881 for the purposes of continued progress toward attainment and maintenance of National Ambient Air Quality Standards pursuant to the CAA.

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