

1 AN ACT concerning the environment.

2 Be it enacted by the People of the State of Illinois,  
3 represented in the General Assembly:

4 Section 5. The Environmental Protection Act is amended  
5 by changing Section 9.8 as follows:

6 (415 ILCS 5/9.8)

7 Sec. 9.8. Emissions reductions market system.

8 (a) The General Assembly finds:

9 (1) That achieving compliance with the ozone  
10 attainment provisions of federal Clean Air Act Amendments  
11 (CAAA) of 1990 calls for innovative and cost-effective  
12 implementation strategies.

13 (2) That economic incentives and market-based  
14 approaches can be used to achieve clean air compliance in  
15 an innovative and cost-effective manner.

16 (3) That development and operation of an emissions  
17 market system should significantly lessen the economic  
18 impacts associated with implementation of the federal  
19 Clean Air Act Amendments of 1990 and still achieve the  
20 desired air quality for the area.

21 (b) The Agency shall design an emissions market system  
22 that will assist the State in meeting applicable post-1996  
23 provisions under the CAAA of 1990, provide maximum  
24 flexibility for designated sources that reduce emissions, and  
25 that takes into account the findings of the national ozone  
26 transport assessment, existing air quality conditions, and  
27 resultant emissions levels necessary to achieve or maintain  
28 attainment.

29 (c) The Agency may develop proposed rules for a  
30 market-based emissions reduction, banking, and trading system  
31 that will enable stationary sources to implement

1 cost-effective, compliance options. In developing such a  
2 market system, the Agency may take into consideration a  
3 suitable ozone control season and related reconciliation  
4 period, seasonal allotments of actual emissions and  
5 adjustments thereto, phased participation by size of source,  
6 suitable emissions and compliance monitoring provisions, an  
7 annual allotment set-aside for market assurance, and suitable  
8 means for the market system to be provided for in an  
9 appropriate State implementation plan. The proposal shall be  
10 filed with the Board and shall be subject to the rulemaking  
11 provisions of Sections 27 and 28 of this Act. The rules  
12 adopted by the Board shall include provisions that:

13 (1) Assure that compliance with the required  
14 emissions reductions under the market system shall be, at  
15 a minimum, as cost-effective as the traditional  
16 regulatory control requirements in the State of Illinois.

17 (2) Assure that emissions reductions under the  
18 market system will not be mandated unless it is necessary  
19 for the attainment and maintenance of the National  
20 Ambient Air Quality Standard for ozone in the Chicago  
21 nonattainment area, as required of this State by  
22 applicable federal law or regulation.

23 (3) Assure that sources subject to the program will  
24 not be required to reduce emissions to an extent that  
25 exceeds their proportionate share of the total emission  
26 reductions required of all emission sources, including  
27 mobile and area sources, to attain and maintain the  
28 National Ambient Air Quality Standard for ozone in the  
29 Chicago nonattainment area.

30 (4) Assure that credit is given or exclusion is  
31 granted for those emission units which have reduced  
32 emissions, either voluntarily or through the application  
33 of maximum available control technology or national  
34 emissions standards for hazardous air pollutants, such

1 that those reductions would be counted as if they had  
2 occurred after the initiation of the program. No permit  
3 limitations first imposed since January 1, 1994 upon  
4 bakery facilities (Standard Industrial Classification  
5 205) in counties with a population of over 3,000,000 may  
6 be used in determining prereduction emission levels.

7 (5) Assure that unusual or abnormal operational  
8 patterns can be accounted for in the determination of any  
9 source's baseline from which reductions would be made.

10 (6) Assure that relative economic impact and  
11 technical feasibility of emissions reductions under the  
12 banking and trading program, as compared to other  
13 alternatives, is considered.

14 (7) Assure that the feasibility of measuring and  
15 quantifying emissions is considered in developing and  
16 adopting the banking and trading program.

17 (d) Notwithstanding the other provisions of this Act,  
18 any source or other authorized person that participates in an  
19 emissions market system shall be eligible to exchange  
20 allotment trading units with other sources provided that  
21 established rules are followed.

22 (e) There is hereby created within the State Treasury an  
23 interest-bearing special fund to be known as the Alternative  
24 Compliance Market Account Fund, which shall be used and  
25 administered by the Agency for the following public purposes:

26 (1) To accept and retain funds from persons who  
27 purchase allotment trading units from the Agency pursuant  
28 to regulatory provisions and payments of interest and  
29 principal.

30 (2) To purchase services, equipment, or commodities  
31 that help generate emissions reductions in or around the  
32 ozone nonattainment area in Northeastern Illinois.

33 (Source: P.A. 89-173, eff. 7-19-95; 89-465, eff. 6-13-96.)

1           Section 99. Effective date. This Act takes effect upon  
2 becoming law.