ELEMENT MARKETS

April 3, 2014

3555 Timmons Lane, Suite 900
Houston, TX 77027

Joe Thomas
TCEQ Emissions Banking and Trading Programs, MC-206
P.O. Box 13087
Austin, TX 78711-3087

EBT Stakeholder Group: Comments on TAC §101.399(i)(5) Regarding VOC ERC Use for HRVOC Allocation

Dear Mr. Thomas,

Thank you for the opportunity to submit comments to the TCEQ Emissions Banking and Trading Program. Element Markets would like to comment on the requirement in TAC §101.399(i)(5), "Allowance Banking and Trading", for the use of HRVOC allowances received from the conversion of VOC ERCs to be limited to no more than 5% of the site's initial HRVOC allocation.

Although this provision may have been implemented at a time when the amount of VOC ERCs that could be converted was unknown, at the present time, there have been no more than 1.7 tons of HRVOC created from such a conversion over life of rule to Element Markets' knowledge.

The 5% limitation on converted HRVOC allowance use is disruptive to compliance as it requires the splitting up of allowances between numerous parties and makes compliance by facilities more complex than is necessary with no benefit to air quality.

Element Markets believes that based on the low amount of VOC ERC conversion that is occurring, the 5% limitation has no benefit to the integrity of the cap, and has proven to be needlessly disruptive.

As such, Element Markets proposes either the complete removal of the provision, or a reconsideration of the percentage limitation to facilitate ease of compliance.

Please feel free to contact me with any questions or comments regarding this proposal at mtaylor@elementmarkets.com or 281-207-7207.

Best Regards,

Michael Taylor
Senior Vice President

3555 Timmons Lane, Suite 900, Houston, Texas 77027
PHONE 281.207.7200 | FAX 281.207.7211
www.elementmarkets.com
CONFIDENTIAL