

Revised Cap Allocation Methods
March 19, 2004

The allocation method determines what percentage of the modeled emissions would be allowable from each source subject to the cap. The total emissions in the HG area is set through the modeling exercise by the amount of HRVOC emissions that could be tolerated without causing an ozone exceedance.

Option 1

Use the "imputed" values calculated by Technical Analysis Division (TAD). These values were calculated by the method outlined in a document distributed to the Stakeholders on February 6, 2004. Proportion cap using sectors and production values.

Pro:

- No further data collection needed

Con:

- Significant rework may be needed during the comment period of the rule proposal
- Based on imputed values, emission inventory and EPA profiles (averages of speciation)
- Need breakdown of different categories and capacity (may be impossible without industries' assistance)

Option 1(a)

Use Emission Inventory (E.I.) representations to divide the cap. Proportion cap using the EI proportions.

Pro:

- No further data collection needed

Con:

- Significant rework may be needed during the comment period of the rule proposal
- Unspeciated emissions of VOC would be speciated through EPA profiles

Option 2

Use permit allowable emission rates and their speciation as reported in HARC H-22 study. Proportion emissions using allowable authorizations.

Pro:

- Based on permit authorization, not EI

Con:

- HARC H22 did not complete their review for all accounts, would require re-activation (more money) and a minimum of 2 -3 weeks (estimated) to complete the project
- Not all results from H22 inclusive: flexible permits need more work (internal)

Option 3

Propose a Cap and Trade (CAT) to allow industry to represent their HRVOC emissions in a certification to TCEQ. Rule would establish deadlines, but not the actual cap. Cap would be proportioned based on representations made through activity certification.

Pro:

- Industry would submit the data for TCEQ review
- Can still use data from H22 to verify information
- Would provide a mechanism to correct through permit alteration and amendment

Con:

- More extensive rulemaking work would be needed, delaying this rulemaking
- Would need to establish restrictions on trading until actual monitored data could be used to allocate allowances (similar to the "allowable allowances" of the NOx MECT)
- Would need to address potential geographical restrictions

Option 4

Use the published cap values to ratio new cap

Pro:

- Simple
- Quickest resolution, quickest rulemaking completion

Con:

- May create disparity of reductions
- Must address those sources that should have a cap, but were not assigned a cap

TCEQ will be available for comments on these options on Wednesday, March 24 from 1pm to 3 pm, Building C: 131E.