

TCEQ HRVOC Stakeholder Group
HECT Program Allowance Reallocation
Wednesday July 2, 2009, 2:00 - 4:00 P.M.
Houston-Galveston Area Council

Moderator: Richard C. Chism

Presenters: Jay Tonne and Luke Baine

Summary of items discussed at the meeting.

Staff presented an update regarding the development of the HRVOC Emission Cap and Trade (HECT) program allowance reallocation and cap reduction rule project.

A stakeholder asked for clarification on how many sites will not have enough allowances to operate.

TCEQ staff responded that based on historical operations a small number of sites will not have enough allowances to operate and if they are grouped by company then it will be only one site.

Multiple stakeholders asked for clarification on how the emission event set-aside pool would work if emission events exceeded 250 tons; if the events came out of the individual facility account; and, if the 250 tons would be made available to all companies if not used up at the end of the control period.

TCEQ staff responded that any overages would be addressed as needed. The TCEQ clarified that emission events would be covered from the set-aside pool, not individual accounts, and that the set-aside pool would not be added back to individual company accounts.

A stakeholder asked if the TCEQ was going to step down the cap reduction.

TCEQ staff responded that a gradual step down of the cap reduction is not being considered at this time.

A stakeholder inquired on what the TCEQ was going to do with stream trades that had taken place.

TCEQ staff stated that stream trades would be voided and companies could resubmit them after the effective date of the rule.

A stakeholder inquired if facilities could still buy allowances to cover exceedances from normal operations.

TCEQ staff responded that if individual sites exceeded their allowances from normal operations they would be able to purchase allowances.

Multiple stakeholders asked if the flare study would affect the HECT program.

TCEQ staff responded that because the flare work is not finished, any impact on the HECT program is unknown at this time.

Multiple stakeholders asked if the option of not having a cap and just using the permit allowables that sources in the other counties used was an option.

TCEQ staff responded that all options are still on the table and could be proposed by stakeholders.

A stakeholder asked about why small sites that did not even emit one ton are getting their allowance minimum raised to 10 tons.

TCEQ staff responded some small sites emit more than they are allocated and raising the minimum allocation will help bring them into compliance. It also makes sense to raise the minimum from 5 tons to 10 tons as that is the potential to emit level where sites become subject to the HECT program.

A stakeholder asked if the TCEQ was set in stone about a 25% cap reduction.

TCEQ staff responded that the 25% cap reduction will be included in the proposal.

Next meeting:

Stakeholders were advised that the anticipated date for commission action on the proposed rulemaking is September 23, 2009. Public hearings are tentatively scheduled for October 28, 2009, in Houston and October 29, 2009, in Austin.