

HRVOC Stakeholder Meeting
HRVOC Emissions Cap and Trade (HECT) Program
May 3, 2007

Introduction

This program would create a cap and trade program for compliance with the reduction requirements for highly-reactive VOC compounds in the Houston-Galveston nonattainment area. A new division, Division 6, would be proposed within Chapter 101, Subchapter H that would outline the rules for the new HRVOC Emissions Cap and Trade (HECT) program.

Schedule

Rule language and preamble first draft	April 23 rd
1st round briefings & stakeholder meeting	May 3 rd - 7 th
Proposal briefings/file backup	June 4 th
Proposal	June 23 rd
Adoption	November

Applicability

Sites located in HGA and subject to Chapter 115, Subchapter H, Division 1(Vents) and 2 (Cooling Towers).

Exemptions & Opt-in

- Draft rule language proposes an exemption to the program for sites that emit or have PTE less than 10 tons per year of HRVOCs from covered facilities
 - ▶ Proposed exemption would apply to 51 of the 150 sites
 - ▶ Chapter 115 proposed language is written to limit site without an HRVOC cap to no more than 10 tons of HRVOC emissions
- Opt-in provision for exempt sites - notification of opt-in due by April 30, 2005

Allocation of Allowances

- Based on production/use of HRVOCs at a site compared to total HRVOCs produced/used within HGA with the exception of two sectors to be allocated individually
- Baseline is proposed as a three consecutive year average chosen during the 2000-2004 period
- Level of activity (HRVOC produced/used) due to TCEQ by April 30, 2005
- Initial allocation deposited/program implementation on April 1, 2006
- Initial control period would be April 1, 2006 through December 31, 2006, subsequent control periods would be on a calendar year basis
- Extenuating circumstances - may choose an alternative time period from 2000-2004 as the LOA for the site.
- Set-aside to account for those sites that do not produce/use HRVOCs (loading operations, tank farms) and refineries

Compliance

- Based on monitoring data
- Maintenance, startup, shutdown emissions and emission events to be included. However, hourly Chapter 115 limit would be substituted for actual emissions in excess of that value
- Annual compliance with cap & trade program: Hourly emissions determined through monitoring requirements of Chapter 115 would be summed to determine annual compliance
- Hourly limit in Chapter 115 of XX lbs/hr still applies
- Annual Compliance Reports are due March 31st

Allowance Banking & Trading

- Unused allowances may be banked for one additional year
- Allowances may be transferred as current year trades, future year trades or stream trades
- Geographic trading restrictions - may not trade from Harris county to other counties and visa versa.
 - ▶ Harris county - 1,3-butadiene; all isomers of butene; ethylene; and propylene
 - ▶ Other counties - ethylene and propylene