**Section 217.470 Early Reduction Credits (ERCs) for Budget Units**

If a budget unit reduces its NOx emission rate as required by the applicable provisions of subsection (c) of this Section in the 2001 or 2002 control period, or if approved by USEPA the 2003 control period, for use in 2004 control period, or later control periods authorized by USEPA, the account representative may request early reduction credits (ERCs) for such reductions, and the Agency will allocate ERCs to the budget unit in accordance with the following:

a) Each budget unit for which the account representative requests any ERCs under subsection (d) of this Section must monitor NOx emissions in accordance with 40 CFR 96, subpart H, as incorporated by reference in Section 217.104 of this Part, starting with the control period prior to the control period for which ERCs will first be requested and for each control period for which ERCs will be requested. For example, if ERCs are requested for reductions made in the 2001 control period, the budget unit must have implemented the applicable monitoring for the 2000 control period. The budget unit's monitoring system availability must be at least 90% during the control period prior to the control period in which the NOx emissions reduction is made and the budget unit must be in compliance with any applicable State or federal emissions or emissions-related requirements.

b) The NOx emission rate and heat input under subsections (c) through (e) of this Section shall be determined in accordance with 40 CFR 96, subpart H.

c) Each budget unit for which ERCs are requested under subsection (d) of this Section must have reduced its NOx emission rate for each control period for which ERCs are requested by 30% or more below the actual NOx emissions rate (lbs/mmbtu) for the first control period in which ERCs are requested.

d) The account representative of a budget unit that meets the requirements of subsections (a) through (c) of this Section may submit to the Agency a request for ERCs for the budget unit based on NOx emission rate reductions made by the budget unit in control periods 2001, 2002 and 2003.

1) The number of ERCs that may be requested for any applicable control period shall be an amount equal to the budget unit's heat input for such control period multiplied by the difference between the budget unit's NOx emission rate (meeting the requirements of subsection (c) of this Section for the applicable control period) and the budget unit's actual NOx emission rate for the applicable control period, divided by 2000 lbs/ton, and rounded to the nearest ton;

2) Upon request of the account representative, the ERC allowance allocation for a particular budget unit may be deposited in the source's overdraft account rather than in the budget unit's compliance account; and

3) The early reduction request must be submitted by November 1 for reductions made in the previous control period in a format specified by the Agency.

e) In the event that the May 31, 2004 date for implementing the NOx SIP Call is delayed, the early reduction request must be submitted in accordance with any rulemaking or guidance by USEPA on the distribution of the Compliance Supplement Pool under the NOx SIP Call, 63 Fed. Reg. 57356 (October 27, 1998).

f) The Agency will allocate ERCs to the budget units meeting the requirements of subsections (a) through (c) of this Section and covered by ERC requests meeting the requirements of subsection (d) of this Section in accordance with the following procedures:

1) The Agency shall allocate no more than 2,427 ERCs over three years, as follows:

A) Not more than one-half of the total ERC allowances for reductions made in the control period in 2001;

B) Not less than one-half of the total ERC allowances for reductions made in the control period in 2002; and

C) If approved by USEPA, any ERC allowances not allocated pursuant to subsection (f)(1)(A) or (B) of this Section, for reductions made in the control period in 2003.

2) If the number of ERC allowances requested for a reduction achieved in any control period is less than or equal to the number of ERC allowances designated for that control period in subsection (f)(1) of this Section, the Agency will allocate one allowance for each accepted ERC request; and

3) If the number of ERC allowances requested for a reduction achieved in any control period is greater than the number of ERC allowances designated for that control period in subsection (f)(1) of this Section, the Agency will allocate allowances for accepted requests on a pro-rata basis.

g) By April 1, the Agency will notify the account representative submitting an ERC request for the subsequent control period of the number of ERC allowances that will be allocated to each budget unit for that control period.

h) By May 1, 2004, the Agency will submit to USEPA the ERC allocations made by the Agency under this Section. USEPA will record such allocations to the extent that they are consistent with the requirements of this Section.

i) ERC allowances recorded under subsection (h) of this Section may be deducted under 40 CFR 96.54, as incorporated by reference in Section 217.104 of this Part, for the control period in 2004 or such control periods as may be specified by USEPA. Notwithstanding 40 CFR 96.55(a), USEPA will deduct as retired any ERC allowances that are not deducted for compliance in accordance with 40 CFR 96.54 for the control period in 2004 or such control periods as may be specified by USEPA.

j) ERC allowances are treated as banked allowances in 2004 for the purposes of 40 CFR 96.55(a) and (b).

(Source: Added at 25 Ill. Reg. 5914, effective April 17, 2001)