



STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL PROTECTION

Environmental Program Fact Sheet

Clean Air Interstate Rule (CAIR)

Overview

The Clean Air Interstate Rule (CAIR) establishes a market-based, cap-and-trade program to reduce the emissions of nitrogen oxides (NO_x), an ozone precursor, from large stationary sources that contribute to unhealthy levels of ozone in downwind states during the period of May 1 through September 30 (i.e. the ozone season.) The Environmental Protection Agency (EPA) developed a CAIR NO_x Ozone Season Trading Program model rule, a majority of which is incorporated by reference into the Connecticut rule. The Connecticut rule differs in three significant respects from the model rule: (1) the allowances allocation method; (2) the inclusion of more sources; and (3) the addition of an allowance set-aside to reward energy efficiency and renewable energy projects. Connecticut's CAIR rule, Section 22a-174-22c of the Regulations of Connecticut State Agencies, replaces the current NO_x Budget Program (NBP) established in Section 22a-174-22b of the Regulations of Connecticut State Agencies.

Authorizing Statute

Section 22a-174 of the Connecticut General Statutes

Regulation

Section 22a-174-22c of the Regulations of Connecticut State Agencies, CAIR Nitrogen Oxides Ozone Season Trading Program

Effective Date

May 1, 2009

Applicability

In general, CAIR NO_x ozone season units are fossil-fuel-fired emissions units that:

- Serve a generator with a rated output of 15 MW or greater, or
- Have a maximum design heat input of 250 MMBtu/hr or more.

Any emissions unit participating in the NBP will be subject to the CAIR program.

CAIR Permits

Only a source that is subject to both Title V and CAIR NO_x Ozone Season requirements is required to submit a CAIR permit application. (Form DEP-CAIR-APP-400 www.ct.gov/dep/permits&licenses (Air Emissions)). The CAIR permit will be incorporated into the facility's Title V permit as a modification or during the Title V permit renewal process in accordance with Section 22a-174-33 of the Regulations of Connecticut State Agencies.

Energy Efficiency

To be consistent with the objectives of the Governor's Climate Change Action Plan and the Department of Environmental Protection's policy of encouraging cleaner, more efficient electric generation, the CAIR allocation methodology treats all megawatts equally and ends preferential allocation to older, dirtier electric generating units (EGUs) starting in 2012. In addition, the Connecticut CAIR regulation includes a 10% set-aside for Energy Efficiency/Renewable Energy projects starting in 2009.

NO_x Budget

Starting in 2009, the total Connecticut NO_x budget is 2,691 tons.

Allowance Allocation

Phase I units (baseline EGUs under the NBP): Allowances are allocated on an output-basis using a 1.2 lb/MWh multiplier from 2009-2011. No multiplier will be used starting in 2012.

Phase II units (new EGUs under the NBP): Allowances are allocated on an output basis.

Phase I and II units will be grouped together starting in 2012.

Cogeneration, industrial and reciprocating grate waste tire-fired units: Allowances are allocated on a heat input-basis starting in 2009.

New source set-aside: 200 tons from 2009-2014 and 134 tons starting in 2015.

Renewable energy/energy efficiency set-aside: 268 tons starting in 2009.

Allocation lead-time: 2009, 2010 and 2011 NOx allowances have been issued. For subsequent years, allowances will be allocated by October 31st four calendar years prior to the allocation year.

Useful Resources

Unofficial copies of the Air Management Regulations of Connecticut State Agencies may be obtained at www.ct.gov/dep. The official regulations are published in the *Connecticut Law Journal*.

EPA website "Laws, Regulations, Guidance and Dockets": www.epa.gov/lawsregs

Contact Information

BUREAU OF AIR MANAGEMENT
DEPARTMENT OF ENVIRONMENTAL PROTECTION
79 ELM STREET
HARTFORD, CT 06106-5127
860-424-4152

This overview is designed to answer general questions and provide basic information. You should refer to the appropriate statutes and regulations for the specific regulatory language. This document should not be relied upon to determine whether or not an environmental permit is required. It is *your* responsibility to comply with all regulatory requirements.