

**NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION
ENVIRONMENTAL REGULATION**

Air Quality Management

**Notice of Rule Proposal/Proposed Revision to the State Implementation Plan (SIP)/Hearing
Carbon Dioxide (CO₂) Budget Trading Program, Proposed New Rules at N.J.A.C. 7:27C-1
through 10 and Proposed Amendments at N.J.A.C. 7:27-22.16 and 22.28, N.J.A.C. 7:27A-
3.2 and 3.10.**

Public Notice

Take notice that the NJ Department of Environmental Protection (Department) is proposing new rules and amendments. This proposed rulemaking also constitutes a revision to the State Implementation Plan (SIP). A statement of the substance of the proposal/proposed SIP revision follows:

The proposed new rules and amendments establish the New Jersey CO₂ Budget Trading Program, New Jersey's component of a broader regional cap-and-trade program to reduce carbon dioxide (CO₂) emissions from large fossil fuel-fired electric generating units in the region. This regional effort will be comprised of consistent companion rules in nine other states, all of which are based on a Model Rule.

The Model Rule was developed through the Regional Greenhouse Gas Initiative (RGGI), which is an ongoing effort among Northeast and Mid-Atlantic States to develop and implement a regional CO₂ cap-and-trade program. New Jersey is a signatory state to the 2005 RGGI Memorandum of Understanding (MOU), whereby the State committed to pursuing the promulgation of a CO₂ cap-and-trade program substantially as reflected in the RGGI Model Rule. As of May 2008, MOU signatory states are Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont.

The Department's proposed new rules are based on the Model Rule and supported by an extensive regional stakeholder process. The Model Rule provides states flexibility in adopting provisions regarding applicability and source exemptions, allowance allocations and set-asides, and permitting. With the exception of those portions of the Model Rule where states are provided with discretion, the Department's proposed new rules are materially consistent with the Model Rule, in order to ensure CO₂ allowance reciprocity across the participating states.

The proposed new rules and amendments will, in addition to addressing greenhouse gas emissions in New Jersey, serve to help attain and maintain the 8-hour ozone and fine particle health standard throughout the State. To the extent that the CO₂ Budget Trading Program serves to cap and reduce emissions from power plants in the State and cause other actions that result in reduced demand for the generation of electricity, there will also be an as-yet unquantified reduction in other air pollutants, which will reduce ozone and particulates in the ambient air. Accordingly, this proposal constitutes a revision to the State Implementation Plan.

The proposal is scheduled to be published in the New Jersey Register dated July 7, 2008. A copy of the proposal is available from the Department's website at <http://www.state.nj.us/dep/rules/notices.html> or by contacting Lori McGee, Air Quality Planning, at lori.mcgee@dep.state.nj.us. Copies are also available at public libraries throughout New Jersey and at the Department's public information center at 401 East State Street, Trenton, NJ. You can obtain an official copy of the proposal from LexisNexis Customer Service at (800) 223-1944 or www.lexisnexis.com/bookstore. Be advised that there may be a fee for obtaining a copy of the proposal from some sources.

A public hearing concerning the proposal/proposed SIP revision is scheduled as follows:

Thursday, August 14, 2008 at 10 a.m. at:
New Jersey Department of Environmental Protection
Hearing Room, 1st Floor
401 East State Street
Trenton, New Jersey 08625

Written comments may be submitted by September 5, 2008, to:

NJ Department of Environmental Protection
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