

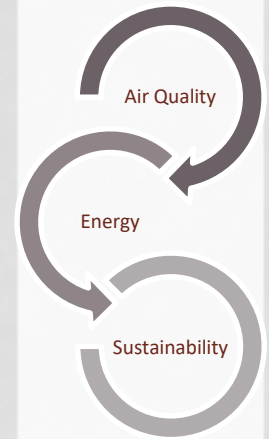


INDUSTRIAL STAKEHOLDER MEETING JUNE 2, 2017

In Collaboration with Division of Air Quality, NJDEP

EMISSION CREDITS IN NEW JERSEY

ACTION ITEMS TO ADDRESS SHORTAGE



Presented by: Khawar Kalim, Division of Air Quality

CREDITS NEEDED FOR NEW POWER PLANTS

Northern Ozone Nonattainment Area (NJ-NY-CT)

| New Power Plant | County | App Received? | Credits Identified? | Credits needed by* | Credits Needed | |
|-------------------------------|-----------|---------------|-------------------------------|--------------------|----------------|----------|
| | | | | | VOC TPY | NOx TPY |
| 1 Proposed Facility #1 (NY**) | Hudson | Yes | Not needed | Jul 2018 | nets out | nets out |
| 2 Proposed Facility #2 (NY**) | Bergen | No | No | Oct 2018 | 90 | 319 |
| 3 Proposed Facility #3 | Middlesex | Yes | Owens 48 TPY VOC, 164 TPY NOx | Jul 2018 | | 28 |
| 4 Proposed Facility #4 | Middlesex | Yes | Owens 48 TPY VOC | Jul 2018 | | 179 |
| 5 Proposed Facility #5 | Middlesex | Yes | No | Jul 2018 | 259 | 151 |
| 6 Proposed Facility #6 | Middlesex | No | No | Oct 2018 | 39 | 56 |
| 7 Proposed Facility #7 | Hunterdon | No | 4,000 TPY NOx in NY | Dec 2018 | 130 | 390 |
| 8 Proposed Facility #8 | Union | No | No | Dec 2018 | | 105 |
| Estimate of Credits needed: | | | | | 518 | 1228 |

Credits currently listed in NJ registry: 951 807

io (assuming only half of the Credits are available for sale): 476 404

500 TPY of VOC Credits may not be verifiable***: -500

Add Credits available through NJ/NY MOU****: 195

Total available: -25 599

Estimate of Credits needed: 518 1228

Surplus/Shortfall: -543 -629

Northern Nonattainment Area
SHORTFALL: VOC 543 TPY, NOx 629 TPY

* Based on either expected date of operation. ** Facility provides/will provide power to NY.

*** 500 TPY VOC credits needs confirmation from Essex Chemical. **** 155 out of 350 TPY of NY Credits have already been used. MOU ends Dec 2017.

ACTION ITEMS TO ADDRESS POTENTIAL SHORTFALL

Continue towards Attainment for Ozone. While this is a long term goal, implement the following short-term measures (3-5 years):

1

- Consider a Reciprocity Agreement with NY for 1,000 TPY each of VOC and NOx.

NEXT 6 MONTHS

2

- Revise emission offset rule (Subchapter 18) to address the use of Reverted Credits.

2-3 YEARS

3

- Work with facilities to identify potential credit generating activities and banking.

ONGOING

NJ/NY RECIPROCITY AGREEMENT

1

- Consider a Reciprocity Agreement with NY for 1,000 TPY each of VOC and NOx.

NEXT 6 MONTHS

Current Status

- Reciprocity agreement for 1,000 TPY each of VOC and NOx, for a 8-year period submitted to NYSDEC.
- No action expected in near future.

OFF THE TABLE

Current MOU ends Dec 2017. 155 out of 350 TPY of NY Credits have already been used.

USE OF REVERTED CREDITS

2

- Revise emission offset rule (Subchapter 18) to address the use of Reverted Credits.

2-3 YEARS

Current Status

- DAG/legal determination provides some flexibility on the use of reverted CERs.
- Considering various options for the use of reverted credits.

12 MONTHS

EVALUATE OTHER OPTIONS

3

- Work with facilities to identify potential credit generating activities and banking.

ONGOING

Current Status

- Evaluating options for expanding emissions banking to include credits from mobile sources.
- How the mobile credits could meet the Clean Air Act requirements to be enforceable, permanent, quantifiable, real, and surplus.

ONGOING

OTHER UPDATES

1. New Guidance Document posted on ISG webpage: <http://www.state.nj.us/dep/aqpp/bec.html>
2. Transferred Credits not part of the reports.
3. Pending Banking Applications: The quantity of emission credits listed in this report may be modified during the review or denied if not approvable.
4. FAQ Document Updated: Resale of Credits acquired/proposed for a Specific project.
5. New Jersey Treasury Auction: 10 TPY of NOx.

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