

Archived: Thursday, May 31, 2012 3:59:34 PM
From: John Bott
Sent: Thursday, June 23, 2011 1:09:53 PM
To: Mike Thompson; Brian Azman; Jason Painter; Ted Vatsndal
Subject: RE: CATR allowances
Importance: Normal

I found this in the Federal Register:

“EPA proposes that, once an EGU does not operate (i.e., does not combust any fuel) for 3 consecutive years, the Agency would no longer allocate allowances to the unit, starting in the seventh year after the first year of non-operation. All allowances that would otherwise have been allocated to the unit for that seventh year and every year thereafter would be allocated to the new unit set-aside for the state in which the non-operating

unit is located. This would provide additional allowances for new units that may need them (e.g., for new units that replace non-operating units), and reflects the fact that new unit emissions are included in the state’s budget that eliminates the portion of significant contribution and interference with maintenance that EPA has identified in today’s proposed action (in an average

year). EPA proposes to continue allocating allowances to non-operating units during the 3 consecutive years of nonoperation plus an additional 3-year period to reduce the incentive for owners to keep units operating simply to avoid losing the allowance allocations for those units.”

It seems to say that you could mothball units for 3 years before you got cut off in year 7. At that point, the allocation that WOULD have gone to that unit goes to the "bank" of allowances for new builds (there's some technical documentation and circular logic on this on the EPA website).

-----Original Message-----

From: Mike Thompson [<mailto:Mike.Thompson@bigrivers.com>]
Sent: Thursday, June 23, 2011 9:07 AM
To: Brian Azman; Jason Painter; Ted Vatsndal; John Bott

Subject: RE: CATR allowances

I concur.

Thanks'

Mike T.

Sent from my AT&T Windows Mobile phone.

-----Original Message-----

From: Brian Azman <BrianA@acespower.com>

Sent: Thursday, June 23, 2011 7:47 AM

To: Mike Thompson <Mike.Thompson@bigrivers.com>; Jason Painter <JasonP@acespower.com>; Ted Vatnsdal <tedv@acespower.com>; John Bott <johnbo@acespower.com>

Subject: RE: CATR allowances

I think the 2nd email from John Baileys over-rode the 1st, in that allowances could only be transferred to a "new build," not an existing unit.

Ifso, we do need the other 2 sensitivity runs.

John Baileys is trying to confirm this with WoodMac (the author of the report he's basing his answer on). We'll keep you updated.

thx

brian

From: Mike Thompson [Mike.Thompson@bigrivers.com]

Sent: Thursday, June 23, 2011 5:58 AM

To: Brian Azman; Jason Painter; Ted Vatnsdal; John Bott

Subject: RE: CATR allowances

Thanks, Brian.

so does this influence our need for those other two sensitivity runs? Just make sure BREC is aware of John's research below?

Mike T.

From: Brian Azman [BrianA@acespower.com]

Sent: Wednesday, June 22, 2011 8:15 PM

To: Mike Thompson; Jason Painter; Ted Vatnsdal; John Bott

Subject: Fw: CATR allowances

Fyi

Brian

Sent from my blackberry

----- Original Message -----

From: John Baileys

Sent: Wednesday, June 22, 2011 08:11 PM

To: Brian Azman

Subject: Re: CATR allowances

It says they can only use them toward a new unit. I assume it means their new unit. I am trying to get wood mac to confirm. But it seems to make sense since any new unit would need emission controls and would have no allowances allocated. Most new units including gas units would have Nox emissions and even some SO2 emissions.

----- Original Message -----

From: Brian Azman

Sent: Wednesday, June 22, 2011 07:42 PM

To: John Baileys; Kelly Snyder

Subject: Re: CATR allowances

So they do NOT lose them then?

Thx

B

Sent from my blackberry

----- Original Message -----

From: John Baileys

Sent: Wednesday, June 22, 2011 04:25 PM

To: Kelly Snyder; Brian Azman

Cc: John Baileys

Subject: RE: CATR allowances

I am still searching the exact rules; however, Wood Mackenzie wrote an article that said if a unit does not operate for 3 consecutive years that the EPA will allocate allowance for those 3 years and 3 additional yrs which can be used for other existing operating units. After this the EPA will allocate the same allowances to a new unit set aside pool for that company.

I will see if I can find more.

John Baileys

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-----Original Message-----

From: Kelly Snyder

Sent: Wednesday, June 22, 2011 4:01 PM

To: Brian Azman; John Baileys

Subject: Re: CATR allowances

I believe you do not get any allowances if you mothball your plant for 2 years or longer.
Right, John?

Brian - see you at DEMEC tomorrow.

----- Original Message -----

From: Brian Azman

Sent: Wednesday, June 22, 2011 03:06 PM

To: Kelly Snyder; John Baileys

Subject: CATR allowances

What's the rule again on what happens to allowances for (coal) plants that are shut down? Diff rules for "shut down for sure" vs "turned off" for many years?

Thx

B

Sent from my blackberry

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