

CHAPTER 27C

CO₂ BUDGET TRADING PROGRAM

Authority

N.J.S.A. 13:1B-3(e), 13:1D-9 and 26:2C-1 et seq., particularly 26:2C-45 et seq.

Source and Effective Date

R.2008 d.338, effective November 17, 2008 (operative December 9, 2008).
See: 40 N.J.R. 3792(a), 40 N.J.R. 6541(b).

Chapter Expiration Date

Chapter 27C, CO₂ Budget Trading Program, expires on November 17, 2013.

Chapter Historical Note

Chapter 27C, CO₂ Budget Trading Program, was adopted as new rules by R.2008 d.338, effective November 17, 2008 (operative December 9, 2008). See: Source and Effective Date.

CHAPTER TABLE OF CONTENTS

SUBCHAPTER 1. GENERAL PROVISIONS

- 7:27C-1.1 Purpose
- 7:27C-1.2 Definitions
- 7:27C-1.3 Applicability
- 7:27C-1.4 General provisions
- 7:27C-1.5 Computation of time
- 7:27C-1.6 Appeal procedure
- 7:27C-1.7 Severability

SUBCHAPTER 2. CO₂ AUTHORIZED ACCOUNT REPRESENTATIVE OF A CO₂ BUDGET SOURCE

- 7:27C-2.1 Authorization and responsibilities of the CO₂ authorized account representative of a CO₂ budget source
- 7:27C-2.2 Alternate CO₂ authorized account representative of the CO₂ budget source
- 7:27C-2.3 Changing the CO₂ authorized account representative of the CO₂ budget source and the alternate CO₂ authorized account representative of the CO₂ budget source; changes in the owners and operators
- 7:27C-2.4 Account certificate of representation
- 7:27C-2.5 Objections concerning the CO₂ authorized account representative of the CO₂ budget source or alternate CO₂ authorized account representative of the CO₂ budget source
- 7:27C-2.6 Delegation of authority to make electronic submissions by the CO₂ authorized account representative of the CO₂ budget source and the alternate CO₂ authorized account representative of the CO₂ budget source

SUBCHAPTER 3. PERMITS

- 7:27C-3.1 General requirements for an operating permit incorporating CO₂ Budget Trading Program requirements
- 7:27C-3.2 Submission of an application for a new, renewed or modified operating permit incorporating CO₂ Budget Trading Program requirements
- 7:27C-3.3 Information requirements for an application for an operating permit incorporating CO₂ Budget Trading Program requirements

SUBCHAPTER 4. COMPLIANCE CERTIFICATION

- 7:27C-4.1 Compliance certification report
- 7:27C-4.2 Department action on compliance certifications

SUBCHAPTER 5. CO₂ ALLOWANCE ALLOCATIONS

- 7:27C-5.1 New Jersey CO₂ Budget Trading Program base budget
- 7:27C-5.2 CO₂ allowance allocations
- 7:27C-5.3 Timing requirements for distribution of CO₂ allowances in the consumer benefit account
- 7:27C-5.4 Distribution of CO₂ allowances in the consumer benefit account
- 7:27C-5.5 Auction of CO₂ allowances
- 7:27C-5.6 Auction format
- 7:27C-5.7 Auction timing and CO₂ allowance submission schedule
- 7:27C-5.8 Reserve price and disposition of unsold allowances
- 7:27C-5.9 Auction notice
- 7:27C-5.10 Auction participant requirements
- 7:27C-5.11 Auction participant eligibility
- 7:27C-5.12 Auction participant qualification
- 7:27C-5.13 Submission of financial security
- 7:27C-5.14 Bidder limitations
- 7:27C-5.15 Bid submittal requirements
- 7:27C-5.16 Approval of auction results
- 7:27C-5.17 Award of CO₂ allowances to winning bidders
- 7:27C-5.18 Publication of auction results

SUBCHAPTER 6. CO₂ ALLOWANCE TRACKING SYSTEM

- 7:27C-6.1 CO₂ Allowance Tracking System accounts
- 7:27C-6.2 Establishment of a CO₂ Allowance Tracking System account
- 7:27C-6.3 Procedures for opening a general account
- 7:27C-6.4 Authorization of the CO₂ authorized account representative for a general account
- 7:27C-6.5 Changing the CO₂ authorized account representative for a general account and the alternate CO₂ authorized account representative for a general account; changes in ownership interest with respect to CO₂ allowances in a general account
- 7:27C-6.6 Objections concerning the CO₂ authorized account representative for a general account
- 7:27C-6.7 Delegation of authority to make electronic submissions by the CO₂ authorized account representative for a general account and the alternate CO₂ authorized account representative for a general account
- 7:27C-6.8 Recordation of CO₂ allowance allocations and CO₂ allowance awards
- 7:27C-6.9 Compliance
- 7:27C-6.10 Banking
- 7:27C-6.11 Account error
- 7:27C-6.12 Closing of general accounts

SUBCHAPTER 7. CO₂ ALLOWANCE TRANSFERS

- 7:27C-7.1 Submission of CO₂ allowance transfers
- 7:27C-7.2 Recordation
- 7:27C-7.3 Notification

SUBCHAPTER 8. MONITORING, RECORDKEEPING AND REPORTING

- 7:27C-8.1 General requirements
- 7:27C-8.2 Initial certification and recertification procedures
- 7:27C-8.3 Out-of-control periods
- 7:27C-8.4 Notifications
- 7:27C-8.5 Recordkeeping and reporting
- 7:27C-8.6 Petitions

- 7:27C-8.7 CO₂ budget units that co-fire eligible biomass
 7:27C-8.8 Additional requirements to provide output data

SUBCHAPTER 9. (RESERVED)

SUBCHAPTER 10. CO₂ EMISSIONS OFFSET PROJECTS

- 7:27C-10.1 Purpose
 7:27C-10.2 Definitions
 7:27C-10.3 General requirements
 7:27C-10.4 Consistency application process
 7:27C-10.5 CO₂ emissions offset project standards — landfill methane (CH₄) capture and destruction
 7:27C-10.6 CO₂ emissions offset project standards—reductions in emissions of sulfur hexafluoride
 7:27C-10.7 CO₂ emissions offset project standards—sequestration of carbon due to afforestation
 7:27C-10.8 CO₂ emissions offset project standards—reduction or avoidance of CO₂ emissions from natural gas, oil, or propane end-use combustion due to end-use energy efficiency
 7:27C-10.9 CO₂ emissions offset project standards — avoided methane emissions from agricultural manure management operations
 7:27C-10.10 Accreditation of independent verifiers
 7:27C-10.11 Award of CO₂ offset allowances

SUBCHAPTER 1. GENERAL PROVISIONS

7:27C-1.1 Purpose

This chapter establishes the New Jersey component of the CO₂ Budget Trading Program, which is designed to stabilize and then reduce anthropogenic emissions of CO₂, a greenhouse gas, from CO₂ budget sources in an economically efficient manner.

7:27C-1.2 Definitions

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise.

“Account number” means the identification number given by the Department to each CO₂ Allowance Tracking System account.

“Acid rain emissions limitation” means acid rain emissions limitation, as that term is defined by the EPA at 40 CFR 72.2, incorporated by reference herein.

“Acid Rain Program” means a multi-state sulfur dioxide and nitrogen oxides air pollution control and emission reduction program established by the Administrator under title IV of the Clean Air Act, U.S.C. §§7651 et seq., and 40 CFR Parts 72 through 78.

“Administrator” means the Administrator of the EPA or the Administrator’s authorized representative.

“Air contaminant” means any substance, other than water or distillates of air, present in the atmosphere as solid particles, liquid particles, vapors or gases.

“Allocate” or “allocation” means the determination by the Department of the number of CO₂ allowances to be recorded in the compliance account of a CO₂ budget unit, an allocation set-aside account, the consumer benefit account, or the general account of the sponsor of an approved CO₂ emissions offset project.

“Allocation year” means a calendar year for which the Department allocates or awards CO₂ allowances pursuant to N.J.A.C. 7:27C-5 and 10. The allocation year of each CO₂ allowance is reflected in the unique identification number given to the allowance pursuant to N.J.A.C. 7:27C-6.8(b) or (c).

“Alternate CO₂ authorized account representative” means, for a CO₂ budget source and each CO₂ budget unit at the source, the natural person who is authorized by the owners and operators of the source and all CO₂ budget units at the source, in accordance with N.J.A.C. 7:27C-2, to represent and legally bind each owner and operator in matters pertaining to the CO₂ Budget Trading Program or, for a general account, the natural person who is authorized, under N.J.A.C. 7:27C-6, to transfer or otherwise dispose of CO₂ allowances held in the general account.

“AP-42” means the January 1995, 5th edition of the manual entitled “Compilation of Air Pollutant Emission Factors,” which is published by the EPA, including supplements A through G and any subsequent revisions, as amended and supplemented, incorporated herein by reference. The manual may be obtained from the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia, 22161, (703) 487-4650; or from the Superintendent of Documents, Government Printing Office, Washington, D.C., 20402, (202) 783-3228. In addition, the manual can be accessed electronically through the EPA Technology Transfer Network CHIEF site at <http://www.epa.gov/ttn/chief/ap42/index.html>.

“Ascending price, multiple-round auction” means a multiple-round auction that starts with an opening price, which increases each round by predetermined increments. In each round, a bidder offers the quantity of CO₂ allowances the bidder is willing to purchase at the posted price. Rounds continue so long as demand exceeds the quantity of CO₂ allowances offered for sale. At the completion of the final round, CO₂ allowances may be awarded to remaining bidders at the final price or according to an alternative mechanism.

“Attribute” means a characteristic associated with electricity generated using a particular renewable fuel, such as its generation date, facility geographic location, unit vintage, emissions output, fuel, state program eligibility, or other characteristic that can be identified, accounted for, and tracked.

“Attribute credit” means a credit that represents the attributes related to one megawatt-hour of electricity generation.