

1. TITLE OF RULE FILING:

Proposed Amendments to the Vermont CO2 Budget Trading Program Rule

2. PROPOSED NUMBER ASSIGNED BY THE SECRETARY OF STATE

26P003

3. ADOPTING AGENCY:

Agency of Natural Resources

4. PRIMARY CONTACT PERSON:

(A PERSON WHO IS ABLE TO ANSWER QUESTIONS ABOUT THE CONTENT OF THE RULE).

Name: Brian Woods

Agency: Agency of Natural Resources

Mailing Address: 1 National Life Dr, Davis 2, Montpelier, VT 05620

Telephone: 802-272-4496 Fax:

E-Mail: brian.woods@vermont.gov

Web URL *(WHERE THE RULE WILL BE POSTED)*:

<https://dec.vermont.gov/air-quality/laws-and-regulations/recently-adopted-and-proposed-regulations>

5. SECONDARY CONTACT PERSON:

(A SPECIFIC PERSON FROM WHOM COPIES OF FILINGS MAY BE REQUESTED OR WHO MAY ANSWER QUESTIONS ABOUT FORMS SUBMITTED FOR FILING IF DIFFERENT FROM THE PRIMARY CONTACT PERSON).

Name: Rachel Stevens

Agency: Agency of Natural Resources

Mailing Address: 1 National Life Dr, Davis 3, Montpelier, VT 05620

Telephone: 802-636-7236 Fax:

E-Mail: rachel.stevens@vermont.gov

6. RECORDS EXEMPTION INCLUDED WITHIN RULE:

(DOES THE RULE CONTAIN ANY PROVISION DESIGNATING INFORMATION AS CONFIDENTIAL; LIMITING ITS PUBLIC RELEASE; OR OTHERWISE, EXEMPTING IT FROM INSPECTION AND COPYING?) No

IF YES, CITE THE STATUTORY AUTHORITY FOR THE EXEMPTION:

PLEASE SUMMARIZE THE REASON FOR THE EXEMPTION:

7. LEGAL AUTHORITY / ENABLING LEGISLATION:

(THE SPECIFIC STATUTORY OR LEGAL CITATION FROM SESSION LAW INDICATING WHO THE ADOPTING ENTITY IS AND THUS WHO THE SIGNATORY SHOULD BE. THIS SHOULD BE A SPECIFIC CITATION NOT A CHAPTER CITATION).

30 V.S.A. § 255, 10 V.S.A. § 558, 10 V.S.A. § 554

8. EXPLANATION OF HOW THE RULE IS WITHIN THE AUTHORITY OF THE AGENCY:

30 V.S.A. § 255 directs the Agency of Natural Resources (ANR) to establish a carbon cap and trade program consistent with the Regional Greenhouse Gas Initiative (RGGI) that will limit and then reduce the total carbon emissions released by major electric generating stations that provide electric power to Vermont utilities and end-use customers. 10 V.S.A. § 558 of the Vermont Air Pollution Control Laws allows the Agency to set emission control requirements on sources of air contaminants in Vermont and 10 V.S.A. §554 allows the ANR Secretary to adopt and amend rules to implement this chapter.

9. THE FILING HAS NOT CHANGED SINCE THE FILING OF THE PROPOSED RULE.

10. THE AGENCY HAS NOT INCLUDED WITH THIS FILING A LETTER EXPLAINING IN DETAIL WHAT CHANGES WERE MADE, CITING CHAPTER AND SECTION WHERE APPLICABLE.

11. SUBSTANTIAL ARGUMENTS AND CONSIDERATIONS WERE RAISED FOR OR AGAINST THE ORIGINAL PROPOSAL.

12. THE AGENCY HAS INCLUDED COPIES OF ALL WRITTEN SUBMISSIONS AND SYNOPSES OF ORAL COMMENTS RECEIVED.

13. THE AGENCY HAS INCLUDED A LETTER EXPLAINING IN DETAIL THE REASONS FOR THE AGENCY'S DECISION TO REJECT OR ADOPT THEM.

14. CONCISE SUMMARY (150 WORDS OR LESS):

The proposed rule amends the Vermont CO2 Budget Trading Program Rule which implements the Regional Greenhouse Gas Initiative (RGGI) in Vermont. The amendments reflect revisions to the RGGI Model Rule agreed to by participating states (CT, DE, ME, MD, MA, NH, NJ, NY, RI, and VT) during the most recent program review.

Most notably, the proposed amendments reduce the regional carbon dioxide (CO2) emissions cap in 2027 to 69.8 million tons of CO2 from 75.7 million tons under

the previous rule. Then, from 2034 through 2037, the cap will decline by 2.4 million tons of CO₂ annually. The proposed amendments also revise the existing Cost Containment Reserve (CCR) to ensure availability of RGGI allowances to meet grid reliability needs and mitigate cost volatility; increase the minimum reserve price, the lowest price at which allowances may be sold at auction; eliminate the use of offset allowances; and include other miscellaneous updates.

15. EXPLANATION OF WHY THE RULE IS NECESSARY:

The RGGI program review that concluded in 2025 resulted in the RGGI states' mutual commitment to program changes that increase regional program stringency, provide increased market stability, and ensure access to sufficient allowances. The proposed amendments are necessary to fulfill this commitment to program changes and to satisfy the requirements of 30 V.S.A. §255(c) which directs ANR to establish by rule annual carbon budgets for emissions for the electric power sector that are consistent with RGGI program reviews.

16. EXPLANATION OF HOW THE RULE IS NOT ARBITRARY:

The decision by the Agency to amend the rule is rationally connected to the fact that the proposed amendments are consistent with the RGGI states' mutual commitment to program changes and will reduce the total carbon emissions released by major electric generating stations that provide electric power to Vermont utilities and end-use customers, as required by Vermont law.

17. LIST OF PEOPLE, ENTERPRISES AND GOVERNMENT ENTITIES AFFECTED BY THIS RULE:

Fossil fuel-fired electric generating units that have a nameplate capacity equal to or greater than 25 megawatts and electricity customers.

18. BRIEF SUMMARY OF ECONOMIC IMPACT (150 WORDS OR LESS):

A macro-economic impact study concluded that RGGI states could see a range of small but generally positive impacts on employment, gross regional product, and real personal income, with increased future availability of renewable energy resulting in greater benefits.

In Vermont, over the years 2025 to 2040, employment could increase by up to 0.025%, gross state product by up to 0.027%, and real disposable income by up to 0.019% as compared to the reference case.

A near-zero percent impact on Vermont electric rates is anticipated. Rates for residential, commercial, and industrial consumers are projected to decrease slightly (<1%) if renewable energy keeps pace with demand and increase slightly (<0.25%) if it does not. Investments of RGGI proceeds in energy efficiency programs amplify any decrease or mitigate any increase in consumer costs.

Reduced emissions could lead to additional health and environmental benefits and cost savings.

19. A HEARING WAS HELD.

20. HEARING INFORMATION

(THE FIRST HEARING SHALL BE NO SOONER THAN 30 DAYS FOLLOWING THE POSTING OF NOTICES ONLINE).

IF THIS FORM IS INSUFFICIENT TO LIST THE INFORMATION FOR EACH HEARING, PLEASE ATTACH A SEPARATE SHEET TO COMPLETE THE HEARING INFORMATION.

Date: 3/30/2026

Time: 04:00 PM

Street Address: One National Life Drive, Davis 3,
Limestone Conference Room, Montpelier, VT

Zip Code: 05620-3901

URL for Virtual:

<https://teams.microsoft.com/meet/2878218317575?p=Dei9mRU6oc2UYB6VAW>

Teams Meeting

Meeting ID: 287 821 831 757 5

Passcode: oT2Yd36E

Date:

Time: AM

Street Address:

Zip Code:

URL for Virtual:

Adopting Page

Instructions:

This form must accompany each filing made during the rulemaking process:

Note: To satisfy the requirement for an annotated text, an agency must submit the entire rule in annotated form with proposed and final proposed filings. Filing an annotated paragraph or page of a larger rule is not sufficient. Annotation must clearly show the changes to the rule.

When possible, the agency shall file the annotated text, using the appropriate page or pages from the Code of Vermont Rules as a basis for the annotated version. New rules need not be accompanied by an annotated text.

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2. ADOPTING AGENCY:

Agency of Natural Resources

3. TYPE OF FILING (*PLEASE CHOOSE THE TYPE OF FILING FROM THE DROPDOWN MENU BASED ON THE DEFINITIONS PROVIDED BELOW*):

- **AMENDMENT** - Any change to an already existing rule, even if it is a complete rewrite of the rule, it is considered an amendment if the rule is replaced with other text.
- **NEW RULE** - A rule that did not previously exist even under a different name.
- **REPEAL** - The removal of a rule in its entirety, without replacing it with other text.

This filing is **AN AMENDMENT OF AN EXISTING RULE** .

4. LAST ADOPTED (*PLEASE PROVIDE THE SOS LOG#, TITLE AND EFFECTIVE DATE OF THE LAST ADOPTION FOR THE EXISTING RULE*):

Vermont CO2 Budget Trading Program Regulations, eff.
Aug. 31, 2018 (18P-019)

Economic Impact Analysis

Instructions:

In completing the economic impact analysis, an agency analyzes and evaluates the anticipated costs and benefits to be expected from adoption of the rule; estimates the costs and benefits for each category of people enterprises and government entities affected by the rule; compares alternatives to adopting the rule; and explains their analysis concluding that rulemaking is the most appropriate method of achieving the regulatory purpose. If no impacts are anticipated, please specify “No impact anticipated” in the field.

Rules affecting or regulating schools or school districts must include cost implications to local school districts and taxpayers in the impact statement, a clear statement of associated costs, and consideration of alternatives to the rule to reduce or ameliorate costs to local school districts while still achieving the objectives of the rule (see 3 V.S.A. § 832b for details).

Rules affecting small businesses (excluding impacts incidental to the purchase and payment of goods and services by the State or an agency thereof), must include ways that a business can reduce the cost or burden of compliance or an explanation of why the agency determines that such evaluation isn’t appropriate, and an evaluation of creative, innovative or flexible methods of compliance that would not significantly impair the effectiveness of the rule or increase the risk to the health, safety, or welfare of the public or those affected by the rule.

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3. CATEGORY OF AFFECTED PARTIES:

LIST CATEGORIES OF PEOPLE, ENTERPRISES, AND GOVERNMENTAL ENTITIES POTENTIALLY AFFECTED BY THE ADOPTION OF THIS RULE AND THE ESTIMATED COSTS AND BENEFITS ANTICIPATED:

As with the existing rule, the proposed amendments to the RGGI program apply only to fossil fuel-fired electric generating units that have a nameplate capacity equal to or greater than 25 megawatts. In Vermont, there continue to be only two facilities meeting these criteria: (1) the Burlington Electric

Department (BED) Lake Street gas turbine, and (2) Green Mountain Power's Berlin 5 generator. The proposed amendments would continue to decrease the total number of CO2 allowances available at auction from 2026 to 2037, which is expected to increase the cost to these regulated entities of obtaining allowances for compliance. Both facilities are maintained to provide electricity under peak load conditions and over the past five years their combined annual CO2 emissions have been 4,000 tons or less. Based on 2025 reported emissions of 2,461 tons and the weighted average allowance price of \$21.81, their combined 2025 compliance cost is estimated at \$53,700; compare to 2025 Vermont auction revenue of \$9.45 million.

The proposed amendments also include establishment of two levels or tiers of cost containment reserve allowances. These are additional allowances released during an auction when pre-established price levels are achieved. The additional allowances increase the supply available to these regulated entities to demonstrate compliance with the regulation and mitigate price volatility.

Residential, commercial, and industrial electric ratepayers are likely to be indirectly affected by the proposed rule. Modeling was conducted for two scenarios: Case A (renewable energy projects under contract) and Case B (renewable projected contracted and state goals). The Vermont results were monthly bills averaging 0.52% lower (Case B) to 0.16% higher (Case A) for residential customers, 0.72% lower (Case B) to 0.22% higher (Case A) for commercial customers, and 0.8% lower (Case B) to 0.24% higher (Case A) for industrial customers as compared to a scenario without the proposed rule amendments.

The analysis accounts for the effect of Vermont's investment of RGGI allowance auction proceeds in thermal efficiency. These investments, plus Vermont's investments in end-use electric efficiency from other state programs and Vermont's relatively high percentage of electricity generated from low-emitting sources,

mitigate any potential increase in customer electric bills.

For additional information about the estimated costs and anticipated benefits of the proposed rule amendments, see Attachment A.

4. IMPACT ON SCHOOLS:

INDICATE ANY IMPACT THAT THE RULE WILL HAVE ON PUBLIC EDUCATION, PUBLIC SCHOOLS, LOCAL SCHOOL DISTRICTS AND/OR TAXPAYERS CLEARLY STATING ANY ASSOCIATED COSTS:

Like other ratepayers, public schools may experience a near-zero percent change in their electric bills. However, there are several reasons why the proposed amendments are likely to have a lower impact in Vermont than indicated by the model analysis. More information is provided in Attachment A, "Potential Impacts to Electric Ratepayers."

5. ALTERNATIVES: *CONSIDERATION OF ALTERNATIVES TO THE RULE TO REDUCE OR AMELIORATE COSTS TO LOCAL SCHOOL DISTRICTS WHILE STILL ACHIEVING THE OBJECTIVE OF THE RULE.*

One alternative would be for Vermont not to adopt the proposed amendments to RGGI. This option would be in direct conflict with the mandate of 30 V.S.A. §255 and therefore not legally appropriate. 30 V.S.A. §255 directs the Agency to participate in RGGI and to adopt rules establishing a cap-and-trade program to reduce carbon emissions from electricity power plants. Further, participation in RGGI requires participating states to implement the agreed upon updates to the Model Rule, so there are no other alternatives available.

6. IMPACT ON SMALL BUSINESSES:

INDICATE ANY IMPACT THAT THE RULE WILL HAVE ON SMALL BUSINESSES (EXCLUDING IMPACTS INCIDENTAL TO THE PURCHASE AND PAYMENT OF GOODS AND SERVICES BY THE STATE OR AN AGENCY THEREOF):

The proposed rule amendments only apply to fossil fuel fired electric generating units that have a nameplate capacity equal to or greater than 25 megawatts. In Vermont, there are only two facilities, both gas combustion turbines fueled with distillate fuel, that

meet these criteria. The facilities subject to the rule are owned by the City of Burlington and Green Mountain Power Corp., neither of which meets the definition of a small business set forth in 3 V.S.A. §801(b)(12).

Like other ratepayers, small businesses may experience a near-zero percent change in their electric bills. However, there are several reasons why the proposed amendments are likely to have a lower impact in Vermont than indicated by the model analysis. More information is provided in Attachment A, "Potential Impacts to Electric Ratepayers."

7. **SMALL BUSINESS COMPLIANCE:** *EXPLAIN WAYS A BUSINESS CAN REDUCE THE COST/BURDEN OF COMPLIANCE OR AN EXPLANATION OF WHY THE AGENCY DETERMINES THAT SUCH EVALUATION ISN'T APPROPRIATE.*

The proposed rule amendments do not impose requirements on small businesses, and therefore ANR did not consider an alternative rule with separate requirements for small businesses.

8. **COMPARISON:**

COMPARE THE IMPACT OF THE RULE WITH THE ECONOMIC IMPACT OF OTHER ALTERNATIVES TO THE RULE, INCLUDING NO RULE ON THE SUBJECT OR A RULE HAVING SEPARATE REQUIREMENTS FOR SMALL BUSINESS:

As described above, the proposed rule amendments do not impose requirements on small businesses, and therefore ANR did not consider an alternative rule with separate requirements for small businesses. Participation in RGGI requires participating states to implement the agreed upon updates to the Model Rule, so the only alternative to consider is no rule. As described above, this option would be in direct conflict with the mandate of 30 V.S.A. §255 and therefore not legally appropriate.

The no-rule alternative would result in Vermont forgoing revenue generated from the auction of allowances and the resulting economic benefits of the investment of those proceeds to Vermonters. Those revenues totaled \$34.9 million over the past five years (2021-2025) and could equal or exceed that level in the first five years under the updated rule (2027-2031).

9. SUFFICIENCY: *DESCRIBE HOW THE ANALYSIS WAS CONDUCTED, IDENTIFYING RELEVANT INTERNAL AND/OR EXTERNAL SOURCES OF INFORMATION USED.*

This analysis was conducted using relevant economic cost and benefit information from the Integrated Planning Model (IPM), a commonly used computer model of the electric power market, and the Regional Economic Models, Inc. (REMI) for a macro-economic impact study. A detailed explanation of the modeling analysis, inputs, and results is provided in Attachment A. Analysis of the proposed rule was performed cooperatively by the RGGI participating states and facilitated by RGGI, Inc., the regional non-profit organization that assists the states in implementation of their rules. This program review was initiated in autumn of 2021 and concluded in July of 2025 with the release of the proposed Model Rule. The program review included a series of public listening sessions, four virtual public meetings, electricity sector modeling of rule update options utilizing the IPM model with the assistance of a contractor, modeling of regional and state macroeconomic effects, analysis of potential effects on three classes of electricity ratepayers, and numerous meetings of participating state agency heads and staff to propose changes, review analytical results and public comment, refine the approach, and ultimately finalize the changes after review and approval by each participating state's governor. More information is provided in Attachment A.

Environmental Impact Analysis

Instructions:

In completing the environmental impact analysis, an agency analyzes and evaluates the anticipated environmental impacts (positive or negative) to be expected from adoption of the rule; compares alternatives to adopting the rule; explains the sufficiency of the environmental impact analysis. If no impacts are anticipated, please specify “No impact anticipated” in the field.

Examples of Environmental Impacts include but are not limited to:

- Impacts on the emission of greenhouse gases
- Impacts on the discharge of pollutants to water
- Impacts on the arability of land
- Impacts on the climate
- Impacts on the flow of water
- Impacts on recreation
- Or other environmental impacts

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3. GREENHOUSE GAS: *EXPLAIN HOW THE RULE IMPACTS THE EMISSION OF GREENHOUSE GASES (E.G. TRANSPORTATION OF PEOPLE OR GOODS; BUILDING INFRASTRUCTURE; LAND USE AND DEVELOPMENT, WASTE GENERATION, ETC.):*

The rule is designed to reduce greenhouse gas emissions from electricity generation. The amended rule would lower the existing cap on the mass of CO2 that may be emitted from fossil-fuel fired electric generating units with a capacity of 25 megawatts or more. Across the region through 2042, CO2 emissions from electricity generation could decrease by as much as 40% as compared to the current rule. It is unlikely that the rule will significantly affect greenhouse gas emissions from the transportation sector but it encourages development of

additional non-emitting generation to support an expected increase in the number of electric vehicles in the region. The proposed rule amendments would not have an impact on greenhouse gas emissions from the land use and development sector. The proposed amended rule will no longer allow regulated power plants to offset a small percentage of their CO2 emissions through forestry offset projects either implemented by them or by a third party. Historically, regulated units in Vermont have not used offsets, and so this amendment will not impact greenhouse gas emissions from the land use and development sector. Pursuant to 30 V.S.A. §255 Vermont is required to invest 100% of the net proceeds from the auction of CO2 allowances to provide "the maximum long-term benefit to Vermont consumers," less any administrative expenses. Currently, 98% of revenues from the auction of allowances are invested in fossil fuel energy efficiency programs. Vermont expects to continue to invest in such programs under the updated rule. Energy efficiency measures reduce energy consumption and thus avoid the emission of greenhouse gases related to energy production.

4. **WATER:** *EXPLAIN HOW THE RULE IMPACTS WATER (E.G. DISCHARGE / ELIMINATION OF POLLUTION INTO VERMONT WATERS, THE FLOW OF WATER IN THE STATE, WATER QUALITY ETC.):*

This amendment has no impact on water.

5. **LAND:** *EXPLAIN HOW THE RULE IMPACTS LAND (E.G. IMPACTS ON FORESTRY, AGRICULTURE ETC.):*

The proposed amended rule will no longer allow regulated power plants to offset a small percentage of their CO2 emissions through forestry offset projects either implemented by them or by a third party. Historically, regulated units in Vermont have not used offsets, and so this amendment will not impact land or forestry.

6. **RECREATION:** *EXPLAIN HOW THE RULE IMPACTS RECREATION IN THE STATE:*

This amendment has no impact on recreation.

7. **CLIMATE:** *EXPLAIN HOW THE RULE IMPACTS THE CLIMATE IN THE STATE:*

As noted above, CO2 emissions from electricity generation across the RGGI region could decrease by as

much as 40% by 2042 with the implementation of this rule. CO2 emissions contribute to global warming and every increment of warming increases climate hazards, both globally and locally.

8. **OTHER: EXPLAIN HOW THE RULE IMPACT OTHER ASPECTS OF VERMONT'S ENVIRONMENT:**

Reducing GHG emissions from electricity generation results in public health and environmental co-benefits from the reduction of emissions of other pollutants such as mercury, nitrogen oxides, sulfur dioxide and particulates.

9. **SUFFICIENCY: DESCRIBE HOW THE ANALYSIS WAS CONDUCTED, IDENTIFYING RELEVANT INTERNAL AND/OR EXTERNAL SOURCES OF INFORMATION USED.**

Analysis of the proposed rule was performed cooperatively by the RGGI participating states and facilitated by RGGI, Inc., the regional non-profit organization that assists the states in implementation of their rules. This program review was initiated in autumn of 2021 and concluded in July of 2025 with the release of the proposed Model Rule. The review included a series of public listening sessions, four virtual public meetings, electricity sector modeling of rule update options utilizing the Integrated Planning Model with the assistance of a contractor, modeling of regional and state macroeconomic effects, analysis of potential effects on three classes of electricity ratepayers, and numerous meetings of participating state agency heads and staff to propose changes, review analytical results and public comment, refine the approach, and ultimately finalize the changes after review and approval by each participating state's governor. More information is provided in Attachment A.

Public Input Maximization Plan

Instructions:

Agencies are encouraged to hold hearings as part of their strategy to maximize the involvement of the public in the development of rules. Please complete the form below by describing the agency's strategy for maximizing public input (what it did do, or will do to maximize the involvement of the public).

This form must accompany each filing made during the rulemaking process:

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3. PLEASE DESCRIBE THE AGENCY'S STRATEGY TO MAXIMIZE PUBLIC INVOLVEMENT IN THE DEVELOPMENT OF THE PROPOSED RULE, LISTING THE STEPS THAT HAVE BEEN OR WILL BE TAKEN TO COMPLY WITH THAT STRATEGY:

ANR will notify the public of the proposed rule amendments and host a public meeting in accordance with the Vermont APA and provide notice by directly emailing regulated entities, such as Green Mountain Power and Burlington Electric Department, the Public Utility Commission, and the Department of Public Service. Further, the proposed amendments would adopt changes to the RGGI program that were developed by the RGGI participating states during a comprehensive program review and public engagement process that took place in 2021-2025. This effort was supported by an extensive regional stakeholder process that engaged the regulated community, environmental nonprofits, consumer and industry advocates, other organizations with technical expertise in the design of cap-and-trade programs, and other members of the public. The participating RGGI states have been working with program review stakeholders since 2021, convening six stakeholder meetings, webinars and listening sessions.

Public Input

All of the stakeholder materials are available at: <https://www.rggi.org/program-overview-and-design/program-review> and pre-rulemaking public comments are available at: <https://www.rggi.org/program-overview-and-design/program-review/Program-Review-Stakeholder-Comments>.

4. BEYOND GENERAL ADVERTISEMENTS, PLEASE LIST THE PEOPLE AND ORGANIZATIONS THAT HAVE BEEN OR WILL BE INVOLVED IN THE DEVELOPMENT OF THE PROPOSED RULE:

Pre-rulemaking public engagement included numerous people and organizations throughout the region, including environmental and energy advocates, electricity generators, distribution companies, the New England Independent System Operator ISO-NE, nonelectric generator business interests, consumer representatives, offset stakeholders, government agencies, and individuals interested in reducing greenhouse gas emissions. An overview of the pre-rulemaking engagement process is available online at <https://www.rggi.org/program-overview-and-design/program-review>.

The Agency will also provide direct notice of the proposed amendments to Green Mountain Power, Burlington Electric Department, the Public Utility Commission, and the Department of Public Service.

Scientific Information Statement

THIS FORM IS ONLY REQUIRED IF THE RULE RELIES ON SCIENTIFIC INFORMATION FOR ITS VALIDITY.

PLEASE REMOVE THIS FORM PRIOR TO DELIVERY IF IT DOES NOT APPLY TO THIS RULE FILING:

Instructions:

In completing the Scientific Information Statement, an agency shall provide a summary of the scientific information including reference to any scientific studies upon which the proposed rule is based, for the purpose of validity.

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3. BRIEF EXPLANATION OF SCIENTIFIC INFORMATION:

The rationale for RGGI to reduce greenhouse gas emissions from electricity generation is based on a large body of scientific research documenting the relationship between atmospheric carbon dioxide concentration and climate change. The latest report from the Intergovernmental Commission on Climate Change (IPCC) concludes:

- Human activities, principally through emissions of greenhouse gases, have unequivocally caused global warming;
- Human-caused climate change is already affecting many weather and climate extremes in every region across the globe. This has led to widespread adverse impacts and related losses and damages to nature and people;
- Adverse impacts from human-caused climate change will continue to intensify. The extent to which current and future generations will experience a hotter and

different world depends on choices now and in the near term;

- The likelihood of abrupt and/or irreversible changes increases with higher global warming levels. Similarly, the probability of low-likelihood outcomes associated with potentially very large adverse impacts increases with higher global warming levels;
- Deep, rapid, and sustained mitigation and accelerated implementation of adaptation actions in this decade would reduce projected losses and damages for humans and ecosystems and deliver many co-benefits, especially for air quality and health.

4. CITATION OF SOURCE DOCUMENTATION OF SCIENTIFIC INFORMATION:

H. Lee and J. Romero (eds.), Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6), March 2023, doi: 10.59327/IPCC/AR6-9789291691647, available at <https://www.ipcc.ch/report/sixth-assessment-report-cycle/>.

5. INSTRUCTIONS ON HOW TO OBTAIN COPIES OF THE SOURCE DOCUMENTS OF THE SCIENTIFIC INFORMATION FROM THE AGENCY OR OTHER PUBLISHING ENTITY:

To obtain copies of documents incorporated by reference, the public may access the information electronically using the hyperlinks provided in Attachment A or send an email to rachel.stevens@vermont.gov.

Incorporation by Reference

THIS FORM IS ONLY REQUIRED WHEN INCORPORATING MATERIALS BY REFERENCE. PLEASE REMOVE PRIOR TO DELIVERY IF IT DOES NOT APPLY TO THIS RULE FILING:

Instructions:

In completing the incorporation by reference statement, an agency describes any materials that are incorporated into the rule by reference and how to obtain copies.

This form is only required when a rule incorporates materials by referencing another source without reproducing the text within the rule itself (e.g., federal or national standards, or regulations).

Incorporated materials will be maintained and available for inspection by the Agency.

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3. DESCRIPTION (*DESCRIBE THE MATERIALS INCORPORATED BY REFERENCE*):

Materials incorporated by reference include all of the analyses and information about program review provided by RGGI, Inc. and its contractors.

4. FORMAL CITATION OF MATERIALS INCORPORATED BY REFERENCE:

Please see attached Attachment A for formal citations of materials incorporated by reference.

5. OBTAINING COPIES: (*EXPLAIN WHERE THE PUBLIC MAY OBTAIN THE MATERIAL(S) IN WRITTEN OR ELECTRONIC FORM, AND AT WHAT COST*):

To obtain copies of documents incorporated by reference, the public may access the information electronically using the hyperlinks provided in Attachment A or send an email to rachel.stevens@vermont.gov.

6. MODIFICATIONS (*PLEASE EXPLAIN ANY MODIFICATION TO THE INCORPORATED MATERIALS E.G., WHETHER ONLY PART OF THE MATERIAL IS ADOPTED AND IF SO, WHICH PART(S) ARE MODIFIED*):

N/A

Run Spell Check

ATTACHMENT A
ECONOMIC IMPACT STATEMENT
VERMONT CO₂ BUDGET TRADING PROGRAM RULE
AGENCY OF NATURAL RESOURCES
January 2026

A. Introduction

This proposed rule amends the Vermont CO₂ Budget Trading Program rules implementing the Regional Greenhouse Gas Initiative (RGGI). RGGI is a multi-state regional cap-and-trade initiative to reduce carbon dioxide (CO₂) emissions from fossil-fuel fired power plants in the eastern United States. A cap-and-trade program is a flexible, market-based approach to achieving real emissions reductions at the lowest possible cost.

B. Background on RGGI

Within the RGGI states, fossil-fuel-fired electric power generators with a capacity of 25 megawatts or greater (“regulated sources”) are required to hold allowances equal to their CO₂ emissions over a three-year control period. A CO₂ allowance represents a limited authorization to emit one short ton of CO₂ from a regulated source, as issued by a participating state. Regulated sources can use a CO₂ allowance issued by any participating state to demonstrate compliance in any state. They may acquire allowances by purchasing them at regional auctions, or through secondary markets.

States realize proceeds from the auction of allowances. In Vermont, after accounting for administrative expenses, over 90% of auction proceeds are invested in implementation of thermal efficiency programs. Vermont’s gross auction proceeds for the past five years total \$34.9M.

The RGGI auction mechanisms are designed to provide some measure of stability to the market. The Minimum Reserve Price is the minimum price that allowances can be sold for at an auction. The Cost Containment Reserve (CCR) and Emissions Containment Reserve (ECR) are reserves of allowances that help provide market stability if the cost of reducing emissions is higher or lower than expected.

The RGGI CO₂ cap represents a regional budget for CO₂ emissions from the power sector. For 2026, the RGGI cap for the ten participating states is 78,532,784 CO₂ allowances.

More information about how RGGI works can be found online at www.rggi.org:
https://www.rggi.org/sites/default/files/Uploads/Fact%20Sheets/RGGI_101_Factsheet.pdf.

C. Proposed Rule Amendments

The RGGI participating states (CT, DE, ME, MD, MA, NH, NJ, NY, RI and VT) periodically review their CO₂ budget trading programs to consider successes, impacts, and design elements (known as Program Review). The RGGI states completed the Third Program Review in July 2025, which resulted in updates to the RGGI Model Rule. As a result of this review, the states have agreed to the following revisions:

- Reduction of the regional emissions cap in 2027 to 69,806,919 tons of CO₂ from 75,717,784 tons under the previous Model Rule;
- Reduction of the regional cap by an average of 8,538,789 tons per year, which is approximately 10.5% of the 2025 budget, through 2033;
- Reduction of the regional cap by 2,386,204 tons of CO₂ annually from 2034 through 2037, which is approximately 3% of the 2025 budget. Subsequent years are set to match the 2037 emissions cap of 9,029,374 tons;
- Maintenance of the existing cost containment reserve (CCR) release price trajectory of \$19.50 in 2027, increasing at a rate of 7% annually, and implementation of a second tier of cost containment reserve allowances that are released at \$29.25 in 2027. Both tiers make up to 11.75 million additional allowances available;
- Replacement of the existing emission containment reserve (ECR) with an increased minimum reserve price that matches the existing ECR trigger price trajectory. The new minimum reserve price is \$9.00 in 2027, increasing 7% annually; and
- Removal of the offset project provisions.

More information about the latest program review and the proposed amendments can be found online at [www.rggi.org](https://www.rggi.org/program-overview-and-design/program-review): <https://www.rggi.org/program-overview-and-design/program-review>.

D. General Benefits

To estimate the potential benefits of the amendments to RGGI on the economies of participating states, the Integrated Planning Model (IPM), a commonly used computer model of the electric power market, was used to explore the effects of different policy proposals on electricity demand, generation, electricity prices, emissions, and RGGI allowance prices. Results from IPM were utilized as inputs for a macro-economic impact study conducted using a computer model called the Regional Economic Models, Inc. (REMI). Finally, the results from REMI were used to estimate the effect of the proposed changes on customer (residential, commercial, and industrial) electricity bills.

During this review, state staff recognized the considerable uncertainty regarding the future availability of renewable electricity to meet projected increased demand. To address that uncertainty, the analysis considered two possible future renewable energy

availability scenarios: one scenario including capacity from projects under contract and/or construction (Case A), and a second scenario including both contracted renewable energy projects as well as achievement of each state's renewable energy policy goals (Case B).

Reference/business-as-usual cases (one for each renewable energy supply scenario) were developed that assumed the allowance price in the first model year (2025) was equal to the average allowance price for auctions 54 through 68 (December 2021 through June 2025) and projected that price forward at a rate of 5.59% per year consistent with the discount rate nominal assumed by EPA in version 6 of IPM.¹

Based on the IPM results, the REMI results indicated that across the 10 participating states the updates to RGGI would produce very small but generally positive effects on gross state product, employment, and real personal income across the study period of 2025 to 2040. The regional modeling results are available for review on the RGGI internet site: <https://www.rggi.org/program-overview-and-design/program-review#:~:text=Supporting%20Materials>.

In Vermont, the proposed changes over the same fifteen-year period could result in:

- An increase in gross state product ranging from \$27 million to \$182 million;
- An increase in job-years² ranging from 178 to 1,780 job-years; and
- An increase in real disposable income of from \$69 million to \$101 million.

The proposed updates to the RGGI program will also provide numerous additional benefits to Vermont and the other participating RGGI states that were not quantified in this analysis, including:

- Further reduction in emissions of gases that contribute to climate change;
- Continued investment in energy efficiency in the region, both in end-use electricity and natural gas, heating oil and propane efficiency. Improved efficiency means fewer dollars spent on energy and less dependence on imported oil and gas;
- Promotion of low-emitting forms of electric generation, such as renewable energy;
- Increased interest in the development of new technologies to remove carbon from the emissions stream, and store carbon where it will not be harmful to the climate; and

¹ U.S. EPA, "Documentation for EPA's Power Sector Modeling Platform 2023 Using the Integrated Planning Model 2023 Reference Case," (April 2024), <https://www.epa.gov/system/files/documents/2025-02/epa-2023-reference-case.pdf>.

² "Job-years" are a measure of the total labor impact of a project or policy over a specific duration. One job-year equals one person employed full time for one year. The values presented here (178 and 1,780 job-years) are the net increase in full time jobs from 2025-2040 as compared to the reference case.

- Health co-benefits resulting from the reduction of emission of other pollutants from the electric sector such as mercury, nitrogen oxides, sulfur dioxide and particulates.

E. Potential Impacts to Electric Ratepayers

Residential, commercial, and industrial electric ratepayers are likely to be affected by the proposed rule. A contractor was engaged to evaluate the impacts of the proposed rule on ratepayers of each customer class based on estimated power prices and allowance prices from IPM, and the effect of each state’s investment of auction proceeds.

Changes in electricity bills were modeled at the state level for Case A (projects under contract) and Case B (contracted and state goals). The analysis takes into account Vermont’s investment of RGGI proceeds for implementation of residential thermal efficiency measures. The Vermont results were monthly bills, on average, from 0.52% lower (Case B) to 0.16% higher (Case A) for residential customers, 0.72% lower (Case B) to 0.22% higher (Case A) for commercial customers, and 0.8% lower (Case B) to 0.24% higher (Case A) for industrial customers as compared to a scenario without the proposed rule amendments.

Case A Contracted Renewables

Customer Class	Monthly Bill Difference (\$2022)	Monthly Percent Difference
Residential	\$0.19	0.16%
Commercial	\$0.85	0.22%
Industrial	\$135.94	0.24%

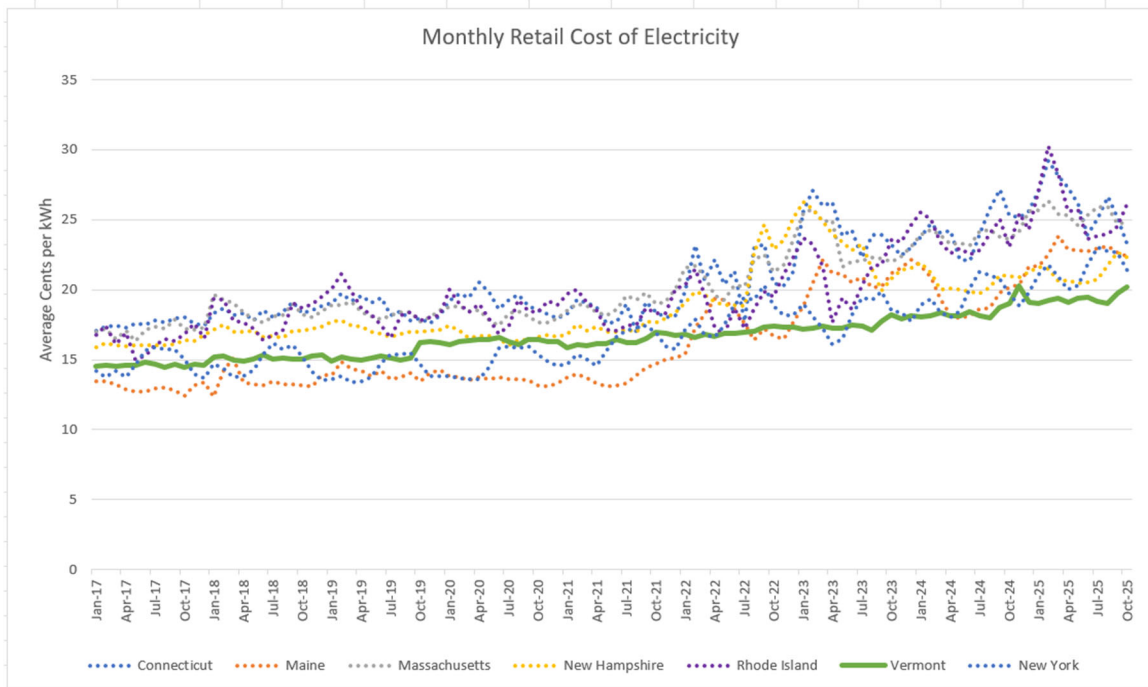
Case B Contracted Renewables and State Goals

Customer Class	Monthly Bill Difference (\$2022)	Monthly Percent Difference
Residential	-\$0.62	-0.52%
Commercial	-\$2.80	-0.72%
Industrial	-\$458.92	-0.80%

Customer bill increases from implementation of the proposed updates are modeled to occur in the Case A scenario primarily due to the lower availability of renewable energy resources across the region. To meet electricity demand in this scenario, the model dispatches more fossil generated electricity, which increases CO₂ emissions and demand for allowances and ultimately affects the price of electricity.

However, there are two reasons why the updated RGGI program is likely to have a lower impact in Vermont than indicated by the model analysis.

First, Vermont operates within a regulated electric utility structure, whereby utilities remain “vertically integrated” and are responsible for supply, transmission, and retail services to end-use customers. Unlike some other states, where power generation and supply roles are managed separately from distribution services, Vermont utilities are allowed to meet their supply needs through long-term contracts. This insulates Vermont customers from much of the short-term market volatility that customers in other states in the region have experienced. The Department of Public Service 2026 Annual Energy Report illustrates this effect in the figure below:



Second, the 2026 Annual Energy Report³ states that in 2024 over 90% of the state’s total electric load was generated from renewable or non-emitting (nuclear) sources that are not required to acquire and submit allowances. As a result, the modeled increase in electricity prices for Case A may be less dramatic in Vermont than in states that rely more heavily on fossil fuel-fired generation facilities.

F. Potential Impacts to Regulated Businesses

As with the existing rule, the proposed amendments to the RGGI program would apply only to fossil fuel-fired electric generating units that have a nameplate capacity equal to or greater than 25 megawatts. In Vermont, there continue to be only two facilities meeting these criteria: (1) the Burlington Electric Department (BED) Lake Street gas

³ Vermont Department of Public Service, Annual Energy Report 2026, <https://legislature.vermont.gov/assets/Legislative-Reports/2026-Annual-Energy-Report.pdf>.

turbine, and (2) Green Mountain Power's Berlin 5 generator.⁴ There is an exclusion for facilities that use biomass for at least 50% of their energy that exempts Burlington's J.C. McNeil generating plant. The proposed amendments could have the following economic consequences for these regulated units:

- The proposed update to the RGGI initiative would continue to decrease the total number of CO₂ allowances available at auction from 2027 to 2037. This reduction is expected to increase the cost to regulated units of obtaining allowances for compliance. It is likely that some or all of the increased costs related to the acquisition of allowances would be passed on to consumers. Both facilities are maintained to provide electricity under peak load conditions and over the past five years their combined annual CO₂ emissions have been 4,000 tons or less. Based on 2025 reported emissions of 2,461 tons and the weighted average allowance price of \$21.81 their combined 2025 compliance cost is estimated at \$53,700; compare to 2025 Vermont auction revenue of \$9.45M.
- However, the proposed updates also include establishment of two levels or tiers of cost containment reserve allowances. These are additional allowances released during an auction when pre-established price levels are achieved. This increases the supply of allowances available and mitigates price volatility.
- In addition, the BED is exploring replacing diesel fuel with renewable diesel. If this change is implemented it would relieve the facility of its compliance obligation under the regulation.

G. Potential Impacts to Government Entities

Like other ratepayers, state and local government entities may experience a modest change in their electric bills as described above in the section entitled "Potential Impacts on Electric Ratepayers." The impact to the Burlington Electric Department, which is municipally owned, is discussed above. In addition, the Agency of Natural Resources, the Public Utility Commission, and the Department of Public Service will incur some costs in implementing the proposed amendments to the rule. The cost of program administration is generally paid for by allowance auction proceeds.

H. Conclusion

The proposed amendments to the RGGI program will allow Vermont and the other participating states to make continued progress toward their objective of reducing CO₂ emissions in an economically efficient manner. The amendments may result in a small increase in costs on regulated units and a very small increase or decrease in costs to

⁴ The facilities subject to the rule are owned by the City of Burlington and Green Mountain Power Corp., neither of which meets the definition of a "small business" set forth in 3 V.S.A. §801(b)(12), the Vermont Administrative Procedure Act.

electric ratepayers based upon the availability and price of renewable energy resources. The amendments are expected to have generally positive long-term impacts on the economies of Vermont and the other participating states. Through investment of proceeds in initiatives such as end-use energy efficiency and renewable energy, the program is projected to bring modest regional increases to gross state product, employment, and real personal income (as described under “General Benefits”). Furthermore, the proposed rule, if adopted, will continue to satisfy the requirements of 30 V.S.A. § 255, which requires the Agency to update cap-and-trade program rules consistent with RGGI program review.

Sources Incorporated by Reference

Summary of RGGI Program Review Changes (October 2025),
<https://www.rggi.org/program-overview-and-design/program-review>

Updated RGGI Model Rule,
[https://www.rggi.org/sites/default/files/Uploads/Program-Review/Release/Model Rule 2025 07 03 redline.pdf](https://www.rggi.org/sites/default/files/Uploads/Program-Review/Release/Model_Rule_2025_07_03_redline.pdf)

Regional Investment of RGGI Proceeds in 2023 (July 2025),
[https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI Proceeds Report 2023.pdf](https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2023.pdf)

REMI Regional Economic Impact Analysis, Assumptions and Results (August 2025),
[https://www.rggi.org/sites/default/files/Uploads/Program-Review/Release/RGGI Econ Modeling Results.pdf](https://www.rggi.org/sites/default/files/Uploads/Program-Review/Release/RGGI_Econ_Modeling_Results.pdf)

REMI Vermont Economic Impact Analysis, Assumptions and Results (June 2025), available upon request.

Regional Customer Bill Analysis (June 2025), available at:
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Analysis Group: The Economic Impacts of the Regional Greenhouse Gas Initiative on Ten Northeast and Mid-Atlantic States (May 2023),
<https://www.analysisgroup.com/Insights/publishing/the-economic-impacts-of-the-regional-greenhouse-gas-initiative-on-ten-northeast-and-mid-atlantic-states2/>

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[https://www.rggi.org/sites/default/files/Uploads/Program-Review/Release/Modeled Stability Mechanisms.pdf](https://www.rggi.org/sites/default/files/Uploads/Program-Review/Release/Modeled%20Stability%20Mechanisms.pdf)

IPM Electricity Sector Modeling,

[https://www.rggi.org/sites/default/files/Uploads/Program-Review/Release/RGGI Program Review IPM Results.xlsx](https://www.rggi.org/sites/default/files/Uploads/Program-Review/Release/RGGI%20Program%20Review%20IPM%20Results.xlsx)

H. Lee and J. Romero (eds.), Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6), March 2023, doi: 10.59327/IPCC/AR6-9789291691647, *available at* <https://www.ipcc.ch/report/sixth-assessment-report-cycle/>.

Interagency Committee on Administrative Rules (ICAR) Minutes

Date/Time: February 9, 2026, 2:00 PM

Location: Virtually via Microsoft Teams

Members Present: Chair Nick Kramer (note, Chair Kramer was in attendance for the ANR rule only), Diane Sherman, Jared Adler, John Kessler, Patrick Murphy, and Jennifer Mojo

Members Absent: Nicole Dubuque

Minutes By: Chrissy Gilhuly

- ▶ 2:00 p.m. meeting called to order.
- ▶ Review and approval of minutes from the January 29, 2026 [meeting](#).
- ▶ No additions/deletions to agenda. Agenda approved as drafted.
- ▶ No public comments made.
- ▶ Presentation of Proposed Rules with recommended changes on pages to follow.
 - 1) Agency of Agriculture, Food and Markets (AAFM) – Quarantine #3; Regulated Introduced Plant Species.
 - a. This amendment modernizes the existing Noxious Weed Quarantine by establishing a clearer, science-based, and more flexible process for identifying and regulating introduced plant species of concern in Vermont.
 - b. The amended rule removes the previous static list and replaces it with a responsive, flexible and meaningful framework grounded in Pest Risk Assessment (PRA) criteria and review by an advisory group of subject-matter and industry experts.
 - c. The amendment clarifies prohibited activities, updates definitions, adds best management practices (BMPs) and permitting pathways and strengthens consistency with federal regulations by incorporating federally regulated plant species under 7 CFR § 360.200.
 - d. The revised structure improves transparency, regulatory clarity, and enforceability, while supporting prevention-focused management that aligns with Vermont’s ecological, agricultural, and forestry needs.
 - 2) Agency of Human Services (AHS) – Refugee Medical Assistance Rule Update

Vermont Agency of Administration

- a. This proposed rulemaking amends the Refugee Medical Assistance rule which was last amended effective November 1, 2019. This proposed rule establishes criteria for eligibility and coverage under the Refugee Medical Assistance program.
 - 3) Agency of Natural Resources (ANR) – Proposed Amendments to the Vermont CO2 Trading Program Rule.
 - a. The proposed rule amends the Vermont CO2 Budget Trading Program Rule which implements RGGI in Vermont. The amendments reflect revisions agreed to by the RGGI states (CT, DE, ME, MD, MA, NH, NJ, NY, RI, and VT) to the RGGI Model Rule made during the most recent program review.
 - 4) Agency of Administration, Department of Taxes, Current Use Advisory Board – Rules for Implementing Use Value Appraisal of Agricultural and Forest Land in Vermont
 - a. This rule updates and reorganizes the administrative rules governing the Use Value Appraisal (Current Use) Program for agricultural, forest, and conservation lands. The revisions align the rules with statutory changes enacted since 1985, improve clarity and consistency, and incorporate current standards and practices.
- ▶ Next scheduled meeting is March 9, 2026, at 2:00 p.m.
 - ▶ 3:26 p.m. meeting adjourned.

To receive this information in an alternative format or for other accessibility requests, please contact:

Agency of Administration
ADM.Secretary@vermont.gov, 802-828-3322

Vermont Agency of Administration

Proposed Rule: Agency of Natural Resources (ANR) – Proposed Amendments to the Vermont CO2 Trading Program Rule.

Presented By: Rachel Stevens, Associate General Council and Brian Woods, Environmental Analyst.

Motion made to accept the rule by John Kessler, seconded by Patrick Murphy, and passed unanimously except for Jennifer Mojo, who abstained, with the following recommendations:

- 1) **Cover Sheet**
 - a. #8: RGGI; spell out acronym
 - b. #9: More explicit on design elements being removed
 - c. #11: Replace the word stakeholders (and government stakeholders) with entities that are not listed
 - d. #12: Clarify in lay terms
- 2) **Economic Impact**
 - a. #3: Add individuals on cover sheet (#11); effected vs. interested parties clarification
 - b. Supplement/Attachment: Explain definition of a job year
- 3) **Public Input Maximization Plan**
 - a. #4: Include that the rule is available for comment and will be emailed to contact list

RESPONSE TO COMMENTS
VERMONT CO2 BUDGET TRADING PROGRAM RULE
AGENCY OF NATURAL RESOURCES

Response to Comments from International Emissions Trading Association (IETA) dated April 6, 2026

Comment: We support the direction to maintain a robust market while achieving emissions reductions through provisions such as the declining cap, increased minimum price, and two-tiered Cost-Containment Reserve (CCR).

Response: The Agency appreciates your endorsement of the proposed updates to these elements of the model rule.

Comment: We also note that the Program Review took much longer than anticipated at almost 4.5 years from announcement to completion. As RGGI plans to begin a Fourth Program Review by 2028, we encourage RGGI to set a clearer, pre-defined timeline for the Program Review going forward.

Response: The Agency acknowledges the extended duration of this program review. Development of the schedule for the next program review will occur in 2028.

Comment: We believe that RGGI should now follow California's lead in developing a new offset approach. In California's Cap-and-Invest system, the California Air Resources Board (CARB) defines which offset categories are allowed, but certified third-party registries manage duties such as methodology updates and initial offset verification and approval.

Response: After the previous program review, several states chose not to adopt the model rule offset project provisions in their state regulations, although all agreed to accept offset allowances already issued as demonstration of compliance up to the annual limit in the model rule. As allowance prices rose during this program review, the states anticipated hearing from their regulated entities or prospective offset project sponsors regarding potential projects. No serious inquiries were received. During this program review, nine commenters submitted comments on the offset project provisions. Six of them asked for the offset project provisions to be removed, one asked for the provisions to be maintained as they were, and two asked for an additional category for natural climate solutions. In the absence of broader support for the offset project provisions the participating states mutually agreed to remove them from the model rule.

Comment: Even if RGGI as a whole decides not to proceed with offsets, IETA recognizes DEC's ability to unilaterally allow offsets for Vermont-based compliance entities and would support this approach.

Response: The participating states mutually agreed to remove the offset project provisions from the model rule and from their state regulations. It is infeasible for Vermont to unilaterally implement an offset project program.

From: vt-noreply@egov.com
To: [Stevens, Rachel](#)
Subject: Comments on Rule 26P003
Date: Sunday, April 5, 2026 11:04:31 AM

EXTERNAL SENDER: Do not open attachments or click on links unless you recognize and trust the sender.

Comments on Rule 26P003
Reply To: johnson@ieta.org
Comment on behalf of the International Emissions Trading Association, (IETA)

April 6 2026

IETA Comments on Vermont DEC's Proposed Amendments to the Vermont CO2 Budget Trading Program Rule

For more than 25 years, IETA has been the leading global business voice on robust market solutions to tackle climate change while driving clean finance at scale. Our organization represents a broad and diverse group of 300+ businesses, including those with clean assets, exposure and operations across RGGI states and the globe. IETA's expertise is regularly called upon to inform carbon market solutions that deliver measurable climate outcomes while addressing economic competitiveness and affordability concerns.

IETA appreciates the work of all RGGI stakeholders in completing the Third Program Review and drafting the new Model Rule. We support the direction to maintain a robust market while achieving emissions reductions through provisions such as the declining cap, increased minimum price, and two-tiered Cost-Containment Reserve (CCR). We also note that the Program Review took much longer than anticipated at almost 4.5 years from announcement to completion. As RGGI plans to begin a Fourth Program Review by 2028, we encourage RGGI to set a clearer, pre-defined timeline for the Program Review going forward.

While we agree with removing the offsets provisions from the model rule, IETA disagrees with eliminating offsets entirely. Although offsets were minimally used in prior years of the program, this was largely due to the relatively low RGGI allowance prices combined with the rigidity of eligible offset methodologies (methodologies are constantly being improved and updated). With electricity demand and allowance price expected to significantly increase across RGGI states, affordability features such as high-integrity offset credits are poised to become more important than ever across the regional market.

We believe that RGGI should now follow California's lead in developing a new offset approach. In California's Cap-and-Invest system, the California Air Resources Board (CARB) defines which offset categories are allowed, but certified third-party registries manage duties such as methodology updates and initial offset verification and approval. Taking offsets out of the RGGI model rule to create an offset program at arm's length could enhance program efficiency and ensure that affordability options are maximized. Even if RGGI as a whole decides not to proceed with offsets, IETA recognizes DEC's ability to unilaterally allow offsets for Vermont-based compliance entities and would support this approach.

While there have been legitimate concerns about integrity for certain types of carbon credits used for voluntary goals, none of these concerns are relevant for the offset credits that RGGI proposed to use. Credit quality across the board has been drastically improved over the last few years with the establishment of the Integrity Council for the Voluntary Carbon Market (ICVCM). ICVCM approves carbon projects as Core Carbon Principles (CCP) certified if they achieve a set of ten benchmarks covering governance, emissions impact, and sustainable development. RGGI can consider adopting some of these principles for offsets or requiring that all RGGI offsets are CCP certified.

If there is a concern about local pollution, we believe that it should be treated separately from the wider climate issue that RGGI is attempting to address. Nevertheless, we recognize the desire for the benefits of offset development to better the region where they are generated. Accordingly, an option could be to mandate that a certain portion of compliance offsets originate from the state where they are retired. California follows a similar approach in requiring that half of all compliance offsets provide Direct Environmental Benefits (DEBs) to the state. RGGI previously allowed only offsets from RGGI states to be used for RGGI compliance, and we support continuing this approach.

In the years to come, there are several factors that could put upwards pressure on RGGI allowance prices, including data center growth, declining emissions caps, and extreme weather events. IETA strongly believes that in the face of

these challenges, high-integrity offset credits are an important and environmentally sound mechanism to provide compliance flexibility and ensure affordability.

On behalf of IETA's 300+ member organizations, we appreciate this opportunity to provide feedback to DEC on the proposed amendments to the Vermont CO2 Budget Trading Program Rule.

Vermont CO₂ Budget Trading Program

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Subchapter I. CO2 Budget Trading Program General Provisions

23-101 Purpose.

This Chapter establishes the State of Vermont's 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.

23-102 Definitions.

(a) The terms defined in this section shall apply to this Chapter only, and for the purposes of this Chapter shall supersede definitions contained in any other statutes or regulations.

(1) *Account number.* The identification number given by the Agency or its agent to each CO2 Allowance Tracking System (COATS) account.

(2) *Acid rain emissions limitation.* As defined in 40 CFR 72.2, a limitation on emissions of sulfur dioxide or nitrogen oxides under the Acid Rain Program under title IV of the Clean Air Act.

(3) *Administrator.* Administrator means the Administrator of the United States Environmental Protection Agency or the Administrator's authorized representative.

(4) *Agency.* Agency means the Vermont Agency of Natural Resources.

(5) *Allocate or allocation.* The determination by the Agency of the number of CO2 allowances to be recorded in the consumer benefit or strategic energy purpose account, ~~or the general account of the sponsor of an approved CO2 emissions offset project.~~

(6) *Allocation year.* A calendar year for which the Agency allocates ~~or awards~~ CO2 allowances pursuant to Subchapters ~~V and X~~. The allocation year of each CO2 allowance is reflected in the unique identification number given to the allowance pursuant to subsection 23-604(b).

~~(6)(7)~~ Allowance auction or auction. An auction in which the Vermont Public Utility Commission or its agent offers CO₂ allowances for sale.

~~(7)(8)~~ Attribute. 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.

~~(8)(9)~~ Attribute credit. An attribute credit represents the attributes related to one megawatt-hour of electricity generation.

~~(9)(10)~~ Automated data acquisition and handling system or DAHS. That component of the continuous emissions monitoring system, or other emissions monitoring system approved for use under Subchapter VIII, designed to interpret and convert individual output signals from pollutant concentration monitors, flow monitors, diluent gas monitors, and other component parts of the monitoring system to produce a continuous record of the measured parameters in the measurement units required by Subchapter VIII.

~~(10)~~ Award. A type of allocation in which the Agency determines the number of CO₂ offset allowances to be recorded in the general account of a project sponsor pursuant to section 23-1007

(11) Billing meter. ~~To qualify as a billing meter, the A~~ measurement device ~~must be~~ used to measure electric or thermal output for commercial billing under a contract. The owners of the facility selling the electric or thermal output must ~~have-be~~ different ~~owners~~ from the owners of the party purchasing the electric or thermal output.

(12) Boiler. An enclosed fossil or other fuel-fired combustion device used to produce heat and to transfer heat to recirculating water, steam, or other medium.

(13) *CO₂ allowance*. A limited authorization by the Agency or a participating state under the CO₂ Budget Trading Program to emit up to one ton of CO₂, subject to all applicable limitations contained in this Chapter.

(14) *CO₂ allowance deduction or deduct CO₂ allowances*. The permanent withdrawal of CO₂ allowances by the Agency or its agent from a CO₂ Allowance Tracking System (COATS) compliance account to account for the number of tons of CO₂ emitted from a CO₂ budget source for a control period or an interim control period, determined in accordance with Subchapter VIII, or for the forfeit or retirement of CO₂ allowances as provided by this Chapter.

(15) *CO₂ allowances held ~~or hold~~ CO₂ allowances*. The CO₂ allowances recorded by the Agency or its agent, or submitted to the Agency or its agent for recordation, in accordance with Subchapters VI and VII, in a CO₂ Allowance Tracking System (COATS) account.

(16) *CO₂ Allowance Tracking System (COATS)*. The system by which the Agency or its agent records allocations, deductions, and transfers of CO₂ allowances under the CO₂ Budget Trading Program. The tracking system may also be used to track ~~CO₂ emissions offset projects~~, CO₂ allowance prices and emissions from affected sources.

(17) *CO₂ Allowance Tracking System (COATS) account*. An account in the CO₂ Allowance Tracking System (COATS) established by the Agency or its agent for purposes of recording the allocation, holding, transferring, or deducting of CO₂ allowances.

(18) *CO₂ allowance transfer deadline*. ~~Midnight of the March 1 occurring after the end of the relevant control period and each relevant interim control period or, if that March 1 is not a business day, midnight of the first business day thereafter and is the deadline by which CO₂ allowances must be submitted for recordation in a CO₂ budget source's compliance account in~~

~~order for the source to meet the CO₂ requirements of subsection 23-105(c) for the control period and each interim control period immediately preceding such deadline. The deadline by which CO₂ allowances must be submitted for recordation in a CO₂ budget source's compliance account in order for the source to meet the requirements of 23-105(c) for a control period or interim control period. Deadlines are at midnight of the March 1 occurring after the end of the relevant control period or interim control period. If the relevant March 1 is not a business day, the deadline is midnight of the first business day thereafter.~~

(19) *CO₂ authorized account representative.* 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 Subchapter II, 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 Subchapter VI, to transfer or otherwise dispose of CO₂ allowances held in the general account.

(20) *CO₂ budget emissions limitation.* For a CO₂ budget source, the tonnage equivalent, in CO₂ emissions in a control period or an interim control period, of the CO₂ allowances available for compliance deduction for the source for a control period or twice the CO₂ allowances available for an interim control period.

(21) *CO₂ budget permit.* The portion of the legally binding permit issued by the Agency pursuant to the State of Vermont's Air Pollution Control Regulations to a CO₂ budget source or CO₂ budget unit which specifies the CO₂ Budget Trading Program requirements applicable to the CO₂ budget source, or CO₂ budget unit~~to each CO₂ budget unit at the CO₂ budget source~~, and to the owners and operators and the CO₂ authorized account representative of the CO₂ budget source and each~~or~~ CO₂ budget

unit.

(22) *CO₂ budget source*. A source that includes one or more CO₂ budget units.

(23) *CO₂ Budget Trading Program*. A multi-state CO₂ air pollution control and emissions reduction program established pursuant to this Chapter and corresponding regulations in other participating states as a means of reducing emissions of CO₂ from CO₂ budget sources.

(24) CO₂ budget unit. A unit that is subject to the CO₂ Budget Trading Program requirements under section 23-104.

(25) CO₂ cost containment reserve tier 1 allowance or CO₂ CCR tier 1 allowance. A CO₂ allowance that is offered for sale at an auction by the Vermont Public Utility Commission for the purpose of containing the cost of CO₂ allowances. CO₂ CCR tier 1 allowances offered for sale at an auction are separate from and additional to CO₂ allowances allocated from the State of Vermont Budget Trading Program budgets. CO₂ CCR tier 1 allowances are subject to all applicable limitations contained in this Chapter.

~~(24)~~(26) CO₂ cost containment reserve tier 2 allowance or CO₂ CCR tier 2 allowance. A CO₂ allowance that is offered for sale at an auction by the Vermont Public Utility Commission for the purpose of containing the cost of CO₂ allowances. CO₂ CCR tier 2 allowances offered for sale at an auction are separate from and additional to CO₂ allowances allocated from the State of Vermont CO₂ Budget Trading Program budgets. CO₂ CCR tier 2 allowances are subject to all applicable limitations contained in this Chapter.

~~(25) CO₂ equivalent~~. The quantity of a given greenhouse gas multiplied by its global warming potential (GWP).

~~(27)~~ CO₂ emissions offset project. A historical project that allowed the Agency to determine how many CO₂ Offset Allowances to record in a sponsor's general account related specific emission reductions outside of the electricity sector. ~~These projects can no longer be approved for the CO₂ Budget Trading Program, but the CO₂ offset allowances created~~ recorded before January 1, 2027, are eligible to meet the compliance deduction as limited under section 23-605(a)(3).

~~(26)~~(28) CO₂ offset allowance. A CO₂ allowance that is determined by the Agency to have been recorded, by a participating state prior to January 1, 2027, in the general account of ~~awarded to~~ the sponsor of a CO₂ emissions offset project ~~pursuant to section 23-1007~~ and is subject to the relevant compliance deduction limitations of section 23-605(a)(3).

~~(27)~~(29) Combined cycle system. A system comprised of one or more combustion turbines, heat recovery steam generators, and steam turbines configured to improve overall efficiency of electricity generation or steam production.

~~(28)~~(30) Combustion turbine. An enclosed fossil or other fuel-fired device that is comprised of a compressor (if applicable), a combustor, and a turbine, ~~and~~ in which the flue gas resulting from the combustion of fuel in the combustor passes through the turbine, rotating the turbine.

~~(29)~~(31) Commence commercial operation. With regard to a unit that serves a generator, to ~~have begun~~ begin to produce steam, gas, or other heated medium used to generate electricity for sale or use, including test generation. For a unit that is a CO₂ budget unit under section 23-104 on the date the unit commences commercial operation, such date shall remain the unit's date of commencement of commercial operation even if the unit is subsequently modified, reconstructed, or repowered. For a unit that is not a CO₂ budget unit under section 23-104 on the date the unit commences

commercial operation, the date the unit becomes a CO₂ budget unit under section 23-104 shall be the unit's date of commencement of commercial operation.

~~(30)~~(32) *Commence operation.* To begin any mechanical, chemical, or electronic process, including, with regard to a unit, start-up of a unit's combustion chamber. For a unit that is a CO₂ budget unit under section 23-104 on the date of commencement of operation, such date shall remain the unit's date of commencement of operation even if the unit is subsequently modified, reconstructed, or repowered. For a unit that is not a CO₂ budget unit under section 23-104 on the date of commencement of operation, the date the unit becomes a CO₂ budget unit under section 23-104 shall be the unit's date of commencement of operation.

~~(31)~~(33) *Compliance account.* A CO₂ Allowance Tracking System (COATS) account, established by the Agency or its agent for a CO₂ budget source under Subchapter VI, in which are held CO₂ allowances available for use by the source for a control period ~~and each or~~ interim control period for the purpose of meeting the CO₂ requirements of 23-105(c).

~~(32)~~(34) *Consumer benefit or strategic energy purpose account.* A general account managed by one or more consumer trustees appointed by the Public Utility~~ies~~ Commission to receive, hold, bank, and sell CO₂ allowances in order to provide the maximum long-term benefit to Vermont electric consumers, particularly benefits that will result from accelerated and sustained investments in energy efficiency and other low-cost, low-carbon power system investments and, to the extent feasible, accomplish the goals set forth in 30 V.S.A. § 255(c)(2).

~~(33)~~(35) *Continuous emissions monitoring system or CEMS.* The equipment required under Subchapter VIII to sample, analyze, measure, and provide, by means of readings recorded at least once every 15 minutes (using

an automated DAHS), a permanent record of stack gas volumetric flow rate, stack gas moisture content, and oxygen or carbon dioxide concentration (as applicable), in a manner consistent with 40 CFR Part 75 and Subchapter VIII of this regulation.

~~(34)~~(36) *Control period.* The control period is a three-calendar-year time period. The first control period is from January 1, 2009 through December 31, 2011 inclusive. Each subsequent ~~sequential~~ three-calendar-year period is a separate control period. The first two calendar years of each control period are each defined as an interim control period, beginning on January 1, 2015.

~~(35)~~(37) *Excess emissions.* Any tonnage of CO₂ emitted by a CO₂ budget source during a control period that exceeds the CO₂ budget emissions limitation for the source.

~~(36)~~(38) *Excess interim emissions.* Any tonnage of CO₂ emitted by a CO₂ budget source during an interim control period that when multiplied by 0.50 ~~that~~ exceeds the CO₂ budget emissions limitation for the source.

~~(37)~~(39) *Fossil fuel.* Natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from such material.

~~(38)~~(40) *Fossil fuel-fired.*

(1) With regard to a unit that commenced operation prior to January 1, 2005, the combustion of fossil fuel, alone or in combination with any other fuel, where the fossil fuel combusted comprises, or is projected to comprise, more than 50 percent of the annual heat input on a Btu basis during any year.

(2) With regard to a unit that commenced or commences operation on or after January 1, 2005, the combustion of fossil fuel, alone or in combination with any other fuel, where the fossil fuel combusted comprises, or is projected to comprise, more than 5 percent of the

annual heat input on a Btu basis during any year.

~~(39)~~(41) *General account*. A CO2 Allowance Tracking System (COATS) account, established under Subchapter VI, that is not a compliance account.

~~(40)~~ *Global warming potential (GWP)*. ~~A measure of the radiative efficiency (heat-absorbing ability) of a particular gas relative to that of carbon dioxide (CO2) after taking into account the decay rate of each gas (the amount removed from the atmosphere over a given number of years) relative to that of CO2. Global warming potentials used in this Chapter are consistent with the values used in the Intergovernmental Panel on Climate Change, Fifth-Assessment Report.~~

~~(41)~~(42) *Gross generation*. The electrical output (in MWe) at the terminals of the generator.

~~(42)~~(43) *Interim control period*. An interim control period is a one-calendar-year time period, during each of the first and second calendar years of each three year control period. The first interim control period starts on January 1, 2015 and ends on December 31, 2015, inclusive. The second interim control period starts on January 1, 2016 and ends on December 31, 2016, inclusive. Each successive three year control period will have two interim control periods, comprised of each of the first two calendar years of that control period.

~~(43)~~(44) *Life-of-the-unit contractual arrangement*. A unit participation power sales agreement under which a customer reserves, or is entitled to receive, a specified amount or percentage of nameplate capacity and/or associated energy from any specified unit pursuant to a contract:

- (i) for the life of the unit;

(ii) for a cumulative term of no less than 30 years, including contracts that permit an election for early termination; or

(iii) for a period equal to or greater than 25 years or 70 percent of the economic useful life of the unit determined as of the time the unit is built, with option rights to purchase or release some portion of the nameplate capacity and associated energy generated by the unit at the end of the period.

~~(44)~~(45) *Maximum potential hourly heat input.* An hourly heat input used for reporting purposes when a unit lacks certified monitors to report heat input. If the unit intends to use appendix D of 40 CFR Part 75 to report heat input, this value should be calculated, in accordance with 40 CFR Part 75, using the maximum fuel flow rate and the maximum gross calorific value. If the unit intends to use a flow monitor and a diluent gas monitor, this value should be reported, in accordance with 40 CFR Part 75, using the maximum potential flowrate and either the maximum carbon dioxide concentration (in percent CO₂) or the minimum oxygen concentration (in percent O₂).

~~(45)~~(46) *Monitoring system.* Any monitoring system that meets the requirements of Subchapter VIII, including a continuous emissions monitoring system, an excepted monitoring system, or an alternative monitoring system.

~~(46)~~(47) *Nameplate capacity.* The maximum electrical output (in MWe) that a generator can sustain over a specified period of time when not restricted by seasonal or other deratings as measured in accordance with the United States Department of Energy standards.

~~(47)~~(48) *Net electric output.* The amount of gross generation that generator(s) produce (including, but not limited to, output from steam turbine(s), combustion turbine(s), and gas expander(s)), as measured at the generator terminals, less the electricity used to operate the plant (i.e.

auxiliary loads); such uses include fuel handling equipment, pumps, fans, pollution control equipment, other electricity needs, and transformers losses as measured at the transmission side of the step-up transformer (e.g., the point of sale).

~~(48)~~(49) *Non-CO2 budget unit*. A unit that does not meet the applicability criteria of section 23-104.

~~(49)~~(50) *Operator*. Any person who operates, controls, or supervises a CO2 budget unit or a CO2 budget source ~~and shall include~~including, but not be limited to, any holding company, utility system, or plant manager of such a unit or source.

~~(50)~~(51) *Owner*. Any of the following persons:

- (i) any holder of any portion of the legal or equitable title in a CO2 budget unit; or
- (ii) any holder of a leasehold interest in a CO2 budget unit, other than a passive lessor, or a person who has an equitable interest through such lessor, whose rental payments are not based, either directly or indirectly, upon the revenues or income from the CO2 budget unit; or
- (iii) any purchaser of power from a CO2 budget unit under a life-of-the-unit contractual arrangement in which the purchaser controls the dispatch of the unit; or
- (iv) with respect to any general account, any person who has an ownership interest with respect to the CO2 allowances held in the general account and who is subject to the binding agreement for the CO2 authorized account representative to represent that person's ownership interest with respect to the CO2 allowances.

~~(51)~~(52) *Participating state*. A state that has established a

corresponding regulation as part of the CO2 Budget Trading Program.

~~(52)~~(53) Receive or receipt of. When referring to the Agency or its agent, to come into possession of a document, information, or correspondence (whether sent in writing or by authorized electronic transmission), as indicated in an official correspondence log, or by a notation made on the document, information, or correspondence, by the Agency or its agent in the regular course of business.

~~(53)~~(54) Recordation, record, or recorded. With regard to CO2 allowances, the movement of CO2 allowances by the Agency or its agent from one CO2 Allowance Tracking System (COATS) account to another for purposes of allocation, transfer or deduction.

~~(54)~~(55) Serial number. When referring to CO2 allowances, the unique identification number assigned to each CO2 allowance by the Agency or its agent under section 23-604(b).

~~(55)~~(56) Source. Any governmental, institutional, commercial, or industrial structure, installation, plant, building, or facility that emits or has the potential to emit any air pollutant. A “source,” including a “source” with multiple units, shall be considered a single “facility.”

~~(56)~~(57) State. A State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa and includes the Commonwealth of the Northern Mariana Islands.

~~(57)~~(58) State of Vermont CO2 Budget Trading Program Base Budget. The State of Vermont CO2 Budget Trading Program base budget is specified in section 23-501. ~~CO2 offset allowances allocated to project sponsors~~ CO2 CCR tier 1 and CO2 CCR tier 2 allowances offered for sale at an auction are separate from and additional to CO2 allowances allocated from the State of Vermont CO2 Budget Trading Program Base Budget.

~~(58)~~(59) *Submit or serve.* To send or transmit a document, information, or correspondence to the person specified in accordance with the applicable regulation:

- (i) in person;
- (ii) by United States Postal Service; or
- (iii) by other means of dispatch or transmission and delivery.

Compliance with any “submission,” “service,” or “mailing” deadline shall be determined by the date of dispatch, transmission, or mailing and not the date of receipt.

~~(59)~~(60) *Ton or tonnage.* Any “short ton”, or 2,000 pounds. For the purpose of determining compliance with the CO₂ requirements of 23-105(c), total tons for a control period and each interim control period shall be calculated as the sum of all recorded hourly emissions (or the tonnage equivalent of the recorded hourly emissions rates) in accordance with Subchapter VIII, with any remaining fraction of a ton equal to or greater than 0.50 ton deemed to equal one ton and any fraction of a ton less than 0.50 ton deemed to equal zero tons. A short ton is equal to 0.9072 metric tons.

~~(60)~~(61) *Unit.* A fossil fuel-fired stationary boiler, combustion turbine, or combined cycle system.

(62) *Unit operating day.* A calendar day in which a unit combusts any fuel.

~~(61)~~—

23-103 Measurements, abbreviations and acronyms.

Measurements, abbreviations, and acronyms used in this Chapter are defined as follows:

CO₂: carbon dioxide

Hr: hour

Lb: pounds

MW: megawatt

MWe-megawatt electrical

MWh: megawatt-hour

23-104 Applicability.

Units. Any unit that, at any time on or after January 1, 2005, serves an electricity generator with a nameplate capacity equal to or greater than 25 MWe shall be a CO₂ budget unit, and any source that includes one or more such units shall be a CO₂ budget source, subject to the requirements of this Chapter.

23-105 Standard requirements.

(a) *Permit requirements.*

(1) The CO₂ authorized account representative of each CO₂ budget source required to have an operating permit pursuant to the State of Vermont's Air Pollution Control Regulations and each CO₂ budget unit required to have an operating permit pursuant to the State of Vermont's Air Pollution Control Regulations shall:

(i) submit to the Agency a complete CO₂ budget permit application under section 23-303 in accordance with the deadlines specified in section 23-302; and

(ii) submit in a timely manner any supplemental information that the Agency determines is necessary in order to review the CO₂ budget permit application and issue or deny a CO₂ budget permit.

(2) The owners and operators of each CO₂ budget source required to have

an operating permit pursuant to the State of Vermont's Air Pollution Control Regulations and each CO₂ budget unit required to have an operating permit pursuant to the State of Vermont's Air Pollution Control Regulations for the source shall have a CO₂ budget permit and operate the CO₂ budget source and the CO₂ budget unit at the source in compliance with such CO₂ budget permit.

(b) *Monitoring requirements.*

(1) The owners and operators and, to the extent applicable, the CO₂ authorized account representative of each CO₂ budget source and each CO₂ budget unit at the source shall comply with the monitoring requirements of Subchapter VIII.

(2) The emissions measurements recorded and reported in accordance with Subchapter VIII shall be used to determine compliance by the unit with the CO₂ requirements of subsection 23-105(c).

(c) *CO₂ requirements.*

(1) The owners and operators of each CO₂ budget source and each CO₂ budget unit at the source shall hold CO₂ allowances available for compliance deductions under section 23-605, as of the CO₂ allowance transfer deadline, in the source's compliance account in an amount not less than the total number of tons of CO₂ emissions for the control period from all CO₂ budget units at the source, less the CO₂ allowances deducted to meet the requirements of subdivision 23-105(c)(2), with respect to the previous two interim control periods, as determined in accordance with Subchapters VI and VIII.

(2) The owners and operators of each CO₂ budget source and each CO₂ budget unit at the source shall hold CO₂ allowances available for compliance deductions under section 23-605, as of the CO₂ allowance transfer deadline,

in the source's compliance account in an amount not less than 0.50 times the total number of tons of CO2 emissions for the interim control period from all CO2 budget units at the source ~~multiplied by 0.50~~, as determined in accordance with Subchapters VI and VIII.

(3) Each ton of CO2 emitted in excess of the CO2 budget emissions limitation for a control period shall constitute a separate violation of this Chapter and applicable state law.

(4) Each ton of excess interim emissions shall constitute a separate violation of this Part and applicable state law.

(5) A CO2 budget unit shall be subject to the requirements under subdivision (c)(1) of this section starting on the later, of January 1, 2009 or the date on which the unit commences operation.

(6) CO2 allowances shall be held in, deducted from, or transferred among CO2 Allowance Tracking System (COATS) accounts in accordance with Subchapters V, VI, and VII, ~~and section 23-1007~~.

(7) A CO2 allowance shall not be deducted, in order to comply with the requirements under subdivision (c)(1) or (2) of this section, for a control period or interim control period that ends prior to the year for which the CO2 allowance was allocated. A CO2 offset allowance shall not be deducted, in order to comply with the requirements under subdivision (c)(1) or (2) of this section, beyond the applicable percent limitations set out in subdivision 23-605(a)(3).

(8) A CO2 allowance under the CO2 Budget Trading Program is a limited authorization by the Agency or a participating state to emit one ton of CO2 in accordance with the CO2 Budget Trading Program. No provision of the CO2 Budget Trading Program, the CO2 budget permit application, or the CO2 budget permit or any provision of law shall be construed to limit the authority of

the Agency or a participating state to terminate or limit such authorization.

(9) A CO₂ allowance under the CO₂ Budget Trading Program does not constitute a property right.

(d) *Excess emissions requirements.* The owners and operators of a CO₂ budget source that has excess emissions in any control period, or excess interim emissions for any interim control period, shall:

(1) forfeit the CO₂ allowances required for deduction under subdivision 23-605(d)(1), provided CO₂ offset allowances may not be used to cover any part of such excess emissions; and

(2) pay any fine, penalty, or assessment or comply with any other remedy imposed under subdivision 23-605(d)(2).

(e) *Recordkeeping and reporting requirements.*

(1) Unless otherwise provided, the owners and operators of the CO₂ budget source and each CO₂ budget unit at the source shall keep on site at the source each of the following documents for a period of 10 years from the date the document is created. This period may be extended for cause, at any time prior to the end of 10 years, in writing by the Agency.

(i) The account certificate of representation for the CO₂ authorized account representative for the source and each CO₂ budget unit at the source and all documents that demonstrate the truth of the statements in the account certificate of representation, in accordance with section 23-204, provided that the certificate and documents shall be retained on site at the source beyond such 10-year period until such documents are superseded because of the submission of a new account certificate of representation changing the CO₂ authorized account representative.

(ii) All emissions monitoring information, in accordance with

Subchapter VIII and 40 CFR 75.57.

(iii) Copies of all reports, compliance certifications, and other submissions and all records made or required under the CO2 Budget Trading Program.

(iv) Copies of all documents used to complete a CO2 budget permit application and any other submission under the CO2 Budget Trading Program or to demonstrate compliance with the requirements of the CO2 Budget Trading Program.

(2) The CO2 authorized account representative of a CO2 budget source and each CO2 budget unit at the source shall submit the reports and compliance certifications required under the CO2 Budget Trading Program, including those under Subchapter IV.

(f) *Liability.*

(1) No permit revision shall excuse any violation of the requirements of the CO2 Budget Trading Program that occurs prior to the date that the revision takes effect.

(2) Any provision of the CO2 Budget Trading Program that applies to a CO2 budget source (including a provision applicable to the CO2 authorized account representative of a CO2 budget source) shall also apply to the owners and operators of such source and of the CO2 budget units at the source.

(3) Any provision of the CO2 Budget Trading Program that applies to a CO2 budget unit (including a provision applicable to the CO2 authorized account representative of a CO2 budget unit) shall also apply to the owners and operators of such unit.

(g) *Effect on other authorities.* No provision of the CO2 Budget Trading Program, a CO2 budget permit application, or a CO2 budget permit, shall be construed as

exempting or excluding the owners and operators and, to the extent applicable, the CO2 authorized account representative of a CO2 budget source or CO2 budget unit from compliance with any other provisions of applicable State and federal laws and regulations.

23-106 Computation of time.

(a) Unless otherwise stated, any time period scheduled under the CO2 Budget Trading Program to begin on the occurrence of an act or event shall begin on the day the act or event occurs.

(b) Unless otherwise stated, any time period scheduled under the CO2 Budget Trading Program to begin before the occurrence of an act or event shall be computed so that the period ends the day before the act or event occurs.

(c) Unless otherwise stated, if the final day of any time period under the CO2 Budget Trading Program falls on a weekend or a Vermont State or Federal holiday, the time period shall be extended to the next business day.

23-107 Severability.

If any provision of this Chapter, or its application to any particular person or circumstances, is held invalid, the remainder of this Chapter, and the application thereof to other persons or circumstances, shall not be affected thereby.

Subchapter II. CO2 Authorized Account Representative for CO2 Budget Sources

23-201 Authorization and responsibilities of the CO2 authorized account representative.

(a) Except as provided under section 23-202, each CO2 budget source, including all CO2 budget units at the source, shall have one and only one CO2 authorized account representative, with regard to all matters under the CO2 Budget Trading Program concerning the source or any CO2 budget unit at the source.

(b) The CO₂ authorized account representative of the CO₂ budget source shall be selected by an agreement binding on the owners and operators of the source and all CO₂ budget units at the source and must act in accordance with the certificate of representation under section 23-204.

(c) Upon receipt by the Agency or its agent of a complete account certificate of representation under section 23-204, the CO₂ authorized account representative of the source shall represent and, by his or her representations, actions, inactions, or submissions, legally bind each owner and operator of the CO₂ budget source represented and each CO₂ budget unit at the source in all matters pertaining to the CO₂ Budget Trading Program, notwithstanding any agreement between the CO₂ authorized account representative and such owners and operators. The owners and operators shall be bound by any decision or order issued to the CO₂ authorized account representative by the Agency or a court regarding the source or unit.

(d) No CO₂ budget permit shall be issued, and no CO₂ Allowance Tracking System (COATS) account shall be established for a CO₂ budget source, until the Agency or its agent has received a complete account certificate of representation under section 23-204 for a CO₂ authorized account representative of the source and the CO₂ budget units at the source.

(e) Each submission under the CO₂ Budget Trading Program shall be submitted, signed, and certified by the CO₂ authorized account representative for each CO₂ budget source on behalf of which the submission is made. Each such submission shall include the following certification statement by the CO₂ authorized account representative:

"I am authorized to make this submission on behalf of the owners and operators of the CO₂ budget sources or CO₂ budget units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the

information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.”

(f) The Agency or its agent will accept or act on a submission made on behalf of owners or operators of a CO₂ budget source or a CO₂ budget unit only if the submission has been made, signed, and certified in accordance with subsection (e) of this section.

23-202 CO₂ authorized alternate account representative.

(a) An account certificate of representation may designate one and only one CO₂ authorized alternate account representative who may act on behalf of the CO₂ authorized account representative. The agreement by which the CO₂ authorized alternate account representative is selected shall include a procedure for authorizing the CO₂ authorized alternate account representative to act in lieu of the CO₂ authorized account representative.

(b) Upon receipt by the Agency or its agent of a complete account certificate of representation under section 23-204, any representation, action, inaction, or submission by the CO₂ authorized alternate account representative shall be deemed to be a representation, action, inaction, or submission by the CO₂ authorized account representative.

(c) Except in this section and subsection 23-201(a), section 23-203, section 23-204, and section 23-602, whenever the term “CO₂ authorized account representative” is used in this Chapter, the term shall be construed to include the CO₂ authorized alternate account representative.

23-203 Changing the CO₂ authorized account representative and the CO₂ authorized alternate account representative; changes in the owners and operators.

(a) *Changing the CO₂ authorized account representative.* The CO₂ authorized

account representative may be changed at any time upon receipt by the Agency or its agent of a superseding complete account certificate of representation under section 23-204. Notwithstanding any such change, all representations, actions, inactions, and submissions by the previous CO₂ authorized account representative or CO₂ authorized alternate account representative prior to the time and date when the Agency or its agent receives the superseding account certificate of representation shall be binding on the new CO₂ authorized account representative and the owners and operators of the CO₂ budget source and the CO₂ budget units at the source.

(b) *Changing the CO₂ authorized alternate account representative.* The CO₂ authorized alternate account representative may be changed at any time upon receipt by the Agency or its agent of a superseding complete account certificate of representation under section 23-204. Notwithstanding any such change, all representations, actions, inactions, and submissions by the previous CO₂ authorized account representative or CO₂ authorized alternate account representative prior to the time and date when the Agency or its agent receives the superseding account certificate of representation shall be binding on the new CO₂ authorized alternate account representative and the owners and operators of the CO₂ budget source and the CO₂ budget units at the source.

(c) *Changes in the owners and operators.*

(1) In the event a new owner or operator of a CO₂ budget source or a CO₂ budget unit is not included in the list of owners and operators submitted in the account certificate of representation, such new owner or operator shall be deemed to be subject to and bound by the account certificate of representation, the representations, actions, inactions, and submissions of the CO₂ authorized account representative and any CO₂ authorized alternate account representative of the source or unit, and the decisions, orders, actions, and inactions of the Agency, as if the new owner or operator were included in such list.

(2) Within 30 days following any change in the owners and operators of a CO₂ budget source or a CO₂ budget unit, including the addition of a new owner or operator, the CO₂ authorized account representative or CO₂ authorized alternate account representative shall submit a revision to the account certificate of representation amending the list of owners and operators to include the change.

23-204 Account certificate of representation.

(a) A complete account certificate of representation for a CO₂ authorized account representative or a CO₂ authorized alternate account representative shall include the following elements in a format prescribed by the Agency or its agent:

(1) Identification of the CO₂ budget source and each CO₂ budget unit at the source for which the account certificate of representation is submitted;

(2) the name, address, e-mail address, telephone number, and facsimile transmission number of the CO₂ authorized account representative and any CO₂ authorized alternate account representative;

(3) a list of the owners and operators of the CO₂ budget source and of each CO₂ budget unit at the source;

(4) the following certification statement by the CO₂ authorized account representative and any CO₂ authorized alternate account representative:

“I certify that I was selected as the CO₂ authorized account representative or CO₂ authorized alternate account representative, as applicable, by an agreement binding on the owners and operators of the CO₂ budget source and each CO₂ budget unit at the source. I certify that I have all the necessary authority to carry out my duties and responsibilities under the CO₂ Budget Trading Program on behalf of the owners and operators of the CO₂ budget source and of each CO₂ budget unit at the source and that each such owner and operator shall be fully bound by my representations, actions, inactions, or

submissions and by any decision or order issued to me by the Agency or a court regarding the source or unit.”; and

(5) the signature of the CO₂ authorized account representative and any CO₂ authorized alternate account representative and the dates signed.

(b) Unless otherwise required by the Agency or its agent, documents of agreement referred to in the account certificate of representation shall not be submitted to the Agency or its agent. Neither the Agency nor its agent shall be under any obligation to review or evaluate the sufficiency of such documents, if submitted.

23-205 Objections concerning the CO₂ authorized account representative.

(a) Once a complete account certificate of representation under section 23-204 has been submitted and received, the Agency and its agent will rely on the account certificate of representation unless and until the Agency or its agent receives a superseding complete account certificate of representation under section 23-204.

(b) Except as provided in subsection 23-203(a) or (b), no objection or other communication submitted to the Agency or its agent concerning the authorization, or any representation, action, inaction, or submission of the CO₂ authorized account representative shall affect any representation, action, inaction, or submission of the CO₂ authorized account representative or the finality of any decision or order by the Agency or its agent under the CO₂ Budget Trading Program.

(c) Neither the Agency nor its agent will adjudicate any private legal dispute concerning the authorization or any representation, action, inaction, or submission of any CO₂ authorized account representative, including private legal disputes concerning the proceeds of CO₂ allowance transfers.

23-206 Delegation by CO₂ authorized account representative and CO₂ authorized

alternate account representative.

- (a) A CO₂ authorized account representative may delegate, to one or more natural persons, his or her authority to make an electronic submission to the Agency or its agent under this Chapter.
- (b) A CO₂ authorized alternate account representative may delegate, to one or more natural persons, his or her authority to make an electronic submission to the Agency or its agent under this Chapter.
- (c) In order to delegate authority to make an electronic submission to the Agency or its agent in accordance with subsection (a) and (b) of this section, the CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, must submit to the Agency or its agent a notice of delegation, in a format prescribed by the Agency that includes the following elements:
- (1) The name, address, e-mail address, telephone number, and facsimile transmission number of such CO₂ authorized account representative or CO₂ authorized alternate account representative;
 - (2) The name, address, e-mail address, telephone number and facsimile transmission number of each such natural person, herein referred to as the “electronic submission agent”;
 - (3) For each such natural person, a list of the type of electronic submissions under subsection (a) or (b) of this section for which authority is delegated to him or her; and
 - (4) The following certification statement by such CO₂ authorized account representative or CO₂ authorized alternate account representative:

“I agree that any electronic submission to the Agency or its agent that is by a natural person identified in this notice of delegation and of a type listed for such electronic submission agent in this notice of delegation and that is made ~~when~~ while I am a CO₂ authorized account representative or CO₂ authorized

alternate account representative, as appropriate, and before this notice of delegation is superseded by another notice of delegation under subsection 23-206(d) shall be deemed to be an electronic submission by me. Until this notice of delegation is superseded by another notice of delegation under subsection 23-206(d), I agree to maintain an e-mail account and to notify the Agency or its agent immediately of any change in my e-mail address unless all delegation authority by me under section 23-206 is terminated.”

(d) A notice of delegation submitted under subsection (c) of this section shall be effective, with regard to the CO₂ authorized account representative or CO₂ authorized alternate account representative identified in such notice, upon receipt of such notice by the Agency or its agent and until receipt by the Agency or its agent of a superseding notice of delegation by such CO₂ authorized account representative or CO₂ authorized alternate account representative as appropriate. The superseding notice of delegation may replace any previously identified electronic submission agent, add a new electronic submission agent, or eliminate entirely any delegation of authority.

(e) Any electronic submission covered by the certification in subdivision (c)(4)(i) of this section and made in accordance with a notice of delegation effective under subsection (d) of this section shall be deemed to be an electronic submission by the CO₂ authorized account representative or CO₂ authorized alternate account representative submitting such notice of delegation.

(f) A CO₂ authorized account representative may delegate, to one or more natural persons, his or her authority to review information in the CO₂ ~~A~~allowance ~~t~~Tracking ~~S~~system (COATS) under this part.

(g) A CO₂ authorized alternate account representative may delegate, to one or more natural persons, his or her authority to review information in the CO₂ ~~A~~allowance ~~t~~Tracking ~~S~~system (COATS) under this part.

(h) In order to delegate authority to review information in the CO₂ ~~A~~allowance

Tracking System (COATS) in accordance with subdivision (f) and (g) of this section, the CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, must submit to the Agency or its agent a notice of delegation, in a format prescribed by the Agency that includes the following elements:

- (1) The name, address, e-mail address, telephone number, and facsimile transmission number of such CO₂ authorized account representative or CO₂ authorized alternate account representative;
- (2) The name, address, e-mail address, telephone number and facsimile transmission number of each such natural person, herein referred to as the “reviewer”;
- (3) For each such natural person, a list of the type of information under subdivision (f) or (g) of this section for which reviewing authority is delegated to him or her; and
- (4) The following certification statement by such CO₂ authorized account representative or CO₂ authorized alternate account representative:

“I agree that any information that is reviewed by a natural person identified in this notice of delegation and of a type listed for such information accessible by the reviewer in this notice of delegation and that is made when I am a CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, and before this notice of delegation is superseded by another notice of delegation under subsection 23-206(i) shall be deemed to be a review by me. Until this notice of delegation is superseded by another notice of delegation under subsection 23-206(i), I agree to maintain an e-mail account and to notify the Agency or its agent immediately of any change in my e-mail address unless all delegation authority by me under section 23-206 is terminated.”

- (i) A notice of delegation submitted under subdivision (h) of this section shall be

effective, with regard to the CO₂ authorized account representative or CO₂ authorized alternate account representative identified in such notice, upon receipt of such notice by the Agency or its agent and until receipt by the Agency or its agent of a superseding notice of delegation by such CO₂ authorized account representative or CO₂ authorized alternate account representative as appropriate. The superseding notice of delegation may replace any previously identified reviewer, add a new reviewer, or eliminate entirely any delegation of authority.

Subchapter III. Permits

23-301 CO₂ budget permit requirements.

- (a) Each CO₂ budget source must have a permit issued by the Agency pursuant to the State of Vermont's Air Pollution Control Regulations.
- (b) Each CO₂ budget permit shall contain all applicable CO₂ Budget Trading Program requirements and shall be a complete and distinguishable portion of the permit under subsection (a) of this section.

23-302 Submission of CO₂ budget permit applications.

For any CO₂ budget source, the CO₂ authorized account representative shall submit a complete CO₂ budget permit application under section 23-303 covering such CO₂ budget source to the Agency by the later of January 1, 2009 or 12 months before the date on which the CO₂ budget source, or a new unit at the source, commences operation.

23-303 Information requirements for CO₂ budget permit applications.

- (a) A complete CO₂ budget permit application shall include the following elements concerning the CO₂ budget source for which the application is submitted, in a format prescribed by the Agency:

- (1) Identification of the CO₂ budget source, including plant name and the ORIS (Office of Regulatory Information Systems) or facility code assigned to the source by the Energy Information Administration of the United States Department of Energy, if applicable;
- (2) identification of each CO₂ budget unit at the CO₂ budget source; and
- (3) the standard requirements under section 23-105.

Subchapter IV. Compliance Certification

23-401 Compliance certification report.

(a) *Applicability and deadline.* For each control period in which a CO₂ budget source is subject to the CO₂ requirements of 23-105(c), the CO₂ authorized account representative of the source shall submit to the Agency by the March 1 following the relevant control period, a compliance certification report. A compliance certification report is not required as part of the compliance obligation during an interim control period.

(b) *Contents of report.* The CO₂ authorized account representative shall include in the compliance certification report under subsection (a) of this section the following elements, in a format prescribed by the Agency:

- (1) Identification of the source and each CO₂ budget unit at the source;
- (2) at the CO₂ authorized account representative's option, the serial numbers of the CO₂ allowances that are to be deducted from the source's compliance account under section 23-605 for the control period, including the serial numbers of any CO₂ offset allowances that are to be deducted subject to the limitations of subdivision 23- 605(a)(3); and
- (3) the compliance certification under subsection (c) of this section.

(c) *Compliance certification.* In the compliance certification report under subsection (a) of this section, the CO₂ authorized account representative shall certify, based on reasonable inquiry of those persons with primary responsibility for operating the source and the CO₂ budget units at the source in compliance with the CO₂ Budget Trading Program, whether the source and each CO₂ budget unit at the source for which the compliance certification is submitted was operated during the calendar years covered by the report in compliance with the requirements of the CO₂ Budget Trading Program, including:

- (1) Whether the source was operated in compliance with the CO₂ requirements of 23-105(c);
- (2) whether the monitoring plan applicable to each unit at the source has been maintained to reflect the actual operation and monitoring of the unit, and contains all information necessary to attribute CO₂ emissions to the unit, in accordance with Subchapter VIII;
- (3) whether all the CO₂ emissions from the units at the source were monitored or accounted for through the missing data procedures and reported in the quarterly monitoring reports, including whether conditional data were reported in the quarterly reports in accordance with Subchapter VIII. If conditional data were reported, the owner or operator shall indicate whether the status of all conditional data has been resolved and all necessary quarterly report resubmissions have been made;
- (4) whether the facts that form the basis for certification under Subchapter VIII of each monitor at each unit at the source, or for using an excepted monitoring method or alternative monitoring method approved under Subchapter VIII, if any, have changed; and
- (5) if a change is required to be reported under subdivision (c)(4) of this section, specify the nature of the change, the reason for the change, when the

change occurred, and how the unit's compliance status was determined subsequent to the change, including what method was used to determine emissions when a change mandated the need for monitor recertification.

23-402 Agency's action on compliance certifications.

(a) The Agency or its agent may review and conduct independent audits concerning any compliance certification or any other submission under the CO₂ Budget Trading Program and make appropriate adjustments of the information in the compliance certifications or other submissions.

(b) The Agency or its agent may deduct CO₂ allowances from or transfer CO₂ allowances to a source's compliance account based on the information in the compliance certifications or other submissions, as adjusted under subsection (a) of this section.

Subchapter V. CO₂ Allowance Allocations

23-501 State of Vermont CO₂ trading program base budget.

~~(a) — For 2018, the State of Vermont CO₂ Budget Trading Program base budget is 610,269 tons.~~

~~(b) — For 2019, the State of Vermont CO₂ Budget Trading Program base budget is 577,390 tons.~~

~~(c) — For 2020, the State of Vermont CO₂ Budget Trading Program base budget is 562,955 tons.~~

~~(d) — For 2021, the State of Vermont CO₂ Budget Trading Program base budget is 540,630 tons.~~

~~(e) — For 2022, the State of Vermont CO₂ Budget Trading Program base budget is 524,247 tons.~~

~~(f) — For 2023, the State of Vermont CO₂ Budget Trading Program base~~

~~budget is 507,865 tons.~~

~~(g) — For 2024, the State of Vermont CO₂ Budget Trading Program base budget is 491,482 tons.~~

~~(h) — For 2025, the State of Vermont CO₂ Budget Trading Program base budget is 475,099 tons.~~

~~(i) — For 2026, the State of Vermont CO₂ Budget Trading Program base budget is 458,716 tons.~~

~~(j)(a)~~ For 2027, the State of Vermont CO₂ Budget Trading Program base budget is 407,748 tons.

~~(k)(b)~~ For 2028, the State of Vermont CO₂ Budget Trading Program base budget is 356,779 tons.

~~(l)(c)~~ For 2029, the State of Vermont CO₂ Budget Trading Program base budget is 305,811 tons.

~~(m)(d)~~ For 2030, the State of Vermont CO₂ Budget Trading Program base budget is 254,842 tons.

~~(e) — For 2031 the State of Vermont CO₂ Budget Trading Program base budget is 203,874 tons.~~

~~(f) — For 2032 the State of Vermont CO₂ Budget Trading Program base budget is 152,905 tons.~~

~~(g) — For 2033 the State of Vermont CO₂ Budget Trading Program base budget is 101,937 tons.~~

~~(h) — For 2034 the State of Vermont CO₂ Budget Trading Program base budget is 87,374 tons.~~

(i) For 2035 the State of Vermont CO₂ Budget Trading Program base budget is 72,812 tons.

(j) For 2036 the State of Vermont CO₂ Budget Trading Program base budget is 58,250 tons.

(k) For 2037 and each succeeding calendar year, the State of Vermont CO₂ Budget Trading Program base budget is 43,687 tons.

(n) —

23-502 RESERVED

23-503 CO₂ allowance allocations.

(a) Consumer benefit or strategic energy purpose allocation. For each allocation year, the State of Vermont Agency will allocate 100 percent of the State of Vermont CO₂ Budget Trading Program annual base budget to the consumer benefit or strategic energy purpose account.

(b) CO₂ allowances available for allocation. For the allocation year 2027 and each succeeding calendar year, the State of Vermont CO₂ Budget Trading Program base budget shall be the maximum number of allowances available for allocation in a given allocation year, except for CO₂ CCR tier 1 and CO₂ CCR tier 2 allowances.

(c)
Cost Containment Reserve (CCR) allocation. The State of Vermont shall allocate CO₂ CCR tier 1 and CO₂ CCR tier 2 allowances, separate from and additional to the State of Vermont CO₂ Budget Trading Program base budget set forth in section 23-501, to the consumer benefit or strategic energy purpose account. The CCR allocation is for the purpose of containing the cost of CO₂ allowances. The State of Vermont shall allocate the CO₂ CCR tier 1 and CO₂ CCR tier 2 allowances in the following manner:

(1) Each calendar year the State of Vermont shall allocate 68,611 current vintage year CO₂ CCR tier 1 and 68,611 CO₂ CCR tier 2 allowances

and withdraw the number of CO₂ CCR tier 1 and CO₂ CCR tier 2 allowances that remain in the consumer benefit or strategic energy purpose account at the end of the prior calendar year.

Subchapter VI. CO₂ Allowance Tracking System (COATS)

23-601 CO₂ Allowance Tracking System (COATS) accounts.

(a) *Compliance accounts.* Consistent with subsection 23-602(a), the Agency or its agent will establish one compliance account for each CO₂ budget source. Deductions or transfers of CO₂ allowances pursuant to sections 23-402, 23-605, 23-607, or Subchapter VII will be recorded in the compliance accounts in accordance with this Subchapter.

(b) *General accounts.* Consistent with subsection 23-602(b), the Agency or its agent will establish, upon request, a general account for any person. Transfers of CO₂ allowances pursuant to Subchapter VII will be recorded in the general account in accordance with this Subchapter.

23-602 Establishment of accounts.

(a) *Compliance accounts.* Upon receipt of a complete account certificate of representation under section 23-204, the Agency or its agent will establish a compliance account for each CO₂ budget source for which the account certificate of representation was submitted.

(b) *General accounts.*

(1) *Application for general account.* Any person may apply to open a general account for the purpose of holding and transferring CO₂ allowances. An application for a general account may designate one and only one CO₂ authorized account representative and one and only one CO₂ authorized alternate account representative who may act on behalf of the CO₂ authorized account representative. The agreement by which the CO₂ authorized alternate account representative is selected shall include a procedure for authorizing the

CO₂ authorized alternate account representative to act in lieu of the CO₂ authorized account representative. A complete application for a general account shall be submitted to the Agency or its agent and shall include the following elements in a format prescribed by the Agency or its agent:

(i) Name, address, e-mail address, telephone number, and facsimile transmission number of the CO₂ authorized account representative and any CO₂ authorized alternate account representative;

(ii) at the option of the CO₂ authorized account representative, organization name and type of organization;

(iii) a list of all persons subject to a binding agreement for the CO₂ authorized account representative or any CO₂ authorized alternate account representative to represent their ownership interest with respect to the CO₂ allowances held in the general account;

(iv) the following certification statement by the CO₂ authorized account representative and any CO₂ authorized alternate account representative:

“I certify that I was selected as the CO₂ authorized account representative or the CO₂ alternate authorized account representative, as applicable, by an agreement that is binding on all persons who have an ownership interest with respect to CO₂ allowances held in the general account. I certify that I have all the necessary authority to carry out my duties and responsibilities under the CO₂ Budget Trading Program on behalf of such persons and that each such person shall be fully bound by my representations, actions, inactions, or submissions and by any order or decision issued to me by the Agency or its agent or a court regarding the general account.”;

(v) the signature of the CO₂ authorized account representative and any CO₂ authorized alternate account representative and the dates signed; and

(vi) unless otherwise required by the Agency or its agent, documents of agreement referred to in the application for a general account shall not be submitted to the Agency or its agent. Neither the Agency nor its agent shall be under any obligation to review or evaluate the sufficiency of such documents, if submitted.

(2) *Authorization of CO₂ authorized account representative.*

(i) Upon receipt by the Agency or its agent of a complete application for a general account under subdivision (b)(1) of this section:

(a) The Agency or its agent will establish a general account for the person or persons for whom the application is submitted.

(b) The CO₂ authorized account representative and any CO₂ authorized alternate account representative for the general account shall represent and, by his or her representations, actions, inactions, or submissions, legally bind each person who has an ownership interest with respect to CO₂ allowances held in the general account in all matters pertaining to the CO₂ Budget Trading Program, notwithstanding any agreement between the CO₂ authorized account representative or any CO₂ authorized alternate account representative and such person. Any such person shall be bound by any order or decision issued to the CO₂ authorized account representative or any CO₂ authorized alternate account representative by the Agency or its agent or a court regarding the general account.

(c) Any representation, action, inaction, or submission by any CO₂ authorized alternate account representative shall be

deemed to be a representation, action, inaction, or submission by the CO₂ authorized account representative.

(ii) Each submission concerning the general account shall be submitted, signed, and certified by the CO₂ authorized account representative or any CO₂ authorized alternate account representative for the persons having an ownership interest with respect to CO₂ allowances held in the general account. Each such submission shall include the following certification statement by the CO₂ authorized account representative or any CO₂ authorized alternate account representative:

“I am authorized to make this submission on behalf of the persons having an ownership interest with respect to the CO₂ allowances held in the general account. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.”

(iii) The Agency or its agent will accept or act on a submission concerning the general account only if the submission has been made, signed, and certified in accordance with subdivision (b)(2)(ii) of this section.

(3) *Changing CO₂ authorized account representative and CO₂ authorized alternate account representative; changes in persons with ownership interest.*

(i) The CO₂ authorized account representative for a general account may be changed at any time upon receipt by the Agency or its agent of a superseding complete application for a general account under subdivision (b)(1) of this section. Notwithstanding any such change, all representations, actions, inactions, and submissions by the previous CO₂ authorized account representative, or the previous CO₂ authorized alternate account representative, prior to the time and date when the Agency or its agent receives the superseding application for a general account shall be binding on the new CO₂ authorized account representative and the persons with an ownership interest with respect to the CO₂ allowances in the general account.

(ii) The CO₂ authorized alternate account representative for a general account may be changed at any time upon receipt by the Agency or its agent of a superseding complete application for a general account under subdivision (b)(1) of this section. Notwithstanding any such change, all representations, actions, inactions, and submissions by the previous CO₂ authorized account representative, or the previous CO₂ authorized alternate account representative prior to the time and date when the Agency or its agent receives the superseding application for a general account shall be binding on the new CO₂ authorized alternate account representative and the persons with an ownership interest with respect to the CO₂ allowances in the general account.

(iii) In the event a new person having an ownership interest with respect to CO₂ allowances in the general account is not included in the list of such persons in the application for a general account, such new person shall be deemed to be subject to and bound by the application for a general account, the representations, actions, inactions, and submissions of the CO₂ authorized account representative and any CO₂ authorized alternate account representative, and the decisions, orders, actions, and inactions of the Agency or its agent, as if the new

person were included in such list.

(iv) Within 30 days following any change in the persons having an ownership interest with respect to CO₂ allowances in the general account, including the addition of persons, the CO₂ authorized account representative or any CO₂ authorized alternate account representative shall submit a revision to the application for a general account amending the list of persons having an ownership interest with respect to the CO₂ allowances in the general account to include the change.

(4) *Objections concerning CO₂ authorized account representative.*

(i) Once a complete application for a general account under subdivision (b)(1) of this section has been submitted and received, the Agency or its agent will rely on the application unless and until a superseding complete application for a general account under subdivision (b)(1) of this section is received by the Agency or its agent.

(ii) Except as provided in subdivisions (b)(3)(i) and (ii) of this section, no objection or other communication submitted to the Agency or its agent concerning the authorization, or any representation, action, inaction, or submission of the CO₂ authorized account representative or any CO₂ authorized alternate account representative for a general account shall affect any representation, action, inaction, or submission of the CO₂ authorized account representative or any CO₂ authorized alternate account representative or the finality of any decision or order by the Agency or its agent under the CO₂ Budget Trading Program.

(iii) Neither the Agency nor its agent will adjudicate any private legal dispute concerning the authorization or any representation, action, inaction, or submission of the CO₂ authorized account representative or any CO₂ authorized alternate account representative for a general

account, including private legal disputes concerning the proceeds of CO₂ allowance transfers.

(5) *Delegation by CO₂ authorized account representative and CO₂ authorized alternate account representative.*

(i) A CO₂ authorized account representative may delegate, to one or more natural persons, his or her authority to make an electronic submission to the Agency or its agent provided for under Subchapters VI and VII.

(ii) A ~~CO₂~~ CO₂ authorized alternate account representative may delegate, to one or more natural persons, his or her authority to make an electronic submission to the Agency or its agent provided for under Subchapters VI and VII.

(iii) In order to delegate authority to make an electronic submission to the Agency or its agent in accordance with subdivisions (b)(5)(i) and (b)(5)(ii) of this section, the CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, must submit to the Agency or its agent a notice of delegation, in a format prescribed by the Agency that includes the following elements:

(a) The name, address, e-mail address, telephone number, and facsimile transmission number of such CO₂ authorized account representative or CO₂ authorized alternate account representative;

(b) The name, address, e-mail address, telephone number and facsimile transmission number of each such natural person, herein referred to as “electronic submission agent”;

(c) For each such natural person, a list of the type of electronic submissions under subsection (a) or (b) of this

section for which authority is delegated to him or her; and

(d) The following certification statements by such CO₂ authorized account representative or CO₂ authorized alternate account representative:

“I agree that any electronic submission to the Agency or its agent that is by a natural person identified in this notice of delegation and of a type listed for such electronic submission agent in this notice of delegation and that is made when I am a CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, and before this notice of delegation is superseded by another notice of delegation under subdivision 23-602(b)(5)(iv) shall be deemed to be an electronic submission by me. Until this notice of delegation is superseded by another notice of delegation under subdivision 23-602(b)(5)(iv), I agree to maintain an e-mail account and to notify the Agency or its agent immediately of any change in my e-mail address unless all delegation authority by me under subdivision 23-602(b)(5) is terminated.”

(iv) A notice of delegation submitted under subdivision (b)(5)(iii) of this section shall be effective, with regard to the CO₂ authorized account representative or CO₂ authorized alternate account representative identified in such notice, upon receipt of such notice by the Agency or its agent and until receipt by the Agency or its agent of a superseding notice of delegation by such CO₂ authorized account representative or CO₂ authorized alternate account representative as appropriate. The superseding notice of delegation may replace any previously identified electronic submission agent, add a new electronic submission agent, or eliminate entirely any delegation of authority.

(v) Any electronic submission covered by the certification in

subdivision (b)(5)(iii)(d)(1) of this section and made in accordance with a notice of delegation effective under subdivision (b)(5)(iv) of this section shall be deemed to be an electronic submission by the CO₂ authorized account representative or CO₂ authorized alternate account representative submitting such notice of delegation.

(c) *Account identification.* The Agency or its agent will assign a unique identifying number to each account established under subsections (a) or (b) of this section.

23-603 CO₂ Allowance Tracking System (COATS) responsibilities of CO₂ authorized account representative.

Following the establishment of a CO₂ Allowance Tracking System (COATS) account, all submissions to the Agency or its agent pertaining to the account, including, but not limited to, submissions concerning the deduction or transfer of CO₂ allowances in the account, shall be made only by the CO₂ authorized account representative for the account.

23-604 Recordation of CO₂ allowance allocations.

(a) ~~By March 1 of each~~ Each calendar year the Agency or its agent will record in the consumer benefit or strategic energy purpose account the CO₂ allowances for that calendar year.

(b) *Serial numbers for allocated CO₂ allowances.* When allocating CO₂ allowances to and recording them in an account, the Agency or its agent will assign each CO₂ allowance a unique identification number that will include digits identifying the year for which the CO₂ allowance is allocated.

23-605 Compliance.

(a) *Allowances available for compliance deduction.* CO₂ allowances that meet the following criteria are available to be deducted in order for a CO₂ budget source to comply with the CO₂ requirements of 23-105(c) for a control period or an interim control period.

(1) The CO₂ allowances, ~~other than CO₂ offset allowances,~~ are of allocation years that fall within a prior control period, the same control period, or the same interim control period for which the allowances will be deducted.

(2) The CO₂ allowances are held in the CO₂ budget source's compliance account as of the CO₂ allowance transfer deadline for that control period or interim control period, or are transferred into the compliance account by a CO₂ allowance transfer correctly submitted for recordation under section 23-701 by the CO₂ allowance transfer deadline for that control period or interim control period.

(3) For CO₂ offset allowances, the number of CO₂ offset allowances that are available to be deducted in order for a CO₂ budget source to comply with the CO₂ requirements of 23-105(c) for a control period or an interim control period may not exceed 3.3 percent of the CO₂ budget source's CO₂ emissions for that control period, or may not exceed 3.3 percent of 0.50 times the CO₂ budget source's CO₂ emissions for an interim control period, as determined in accordance with Subchapters VI and VIII.

(4) The CO₂ allowances are not necessary for deductions for excess emissions for a prior control period under subsection (d) of this section.

(b) *Deductions for compliance.* Following the recordation, in accordance with section 23-702, of any CO₂ allowance transfers submitted for recordation in the CO₂ budget source's compliance account by the CO₂ allowance transfer deadline for a control period or interim control period, the Agency or its agent will deduct CO₂ allowances available under subsection (a) of this section to cover the source's CO₂ emissions (as determined in accordance with Subchapter VIII) for the control period or interim control period, as follows:

(1) Until the amount of CO₂ allowances deducted equals the number of tons of total CO₂ emissions (or 0.50 times the number of tons of total CO₂

emissions for an interim control period) determined in accordance with Subchapter VIII, from all CO₂ budget units at the CO₂ budget source for the control period or interim control period; or

(2) if there are insufficient CO₂ allowances to complete the deductions in subdivision (b)(1) of this section, until no more CO₂ allowances available under subsection (a) of this section remain in the compliance account.

(c) *Identification of available CO₂ allowances by serial number; default compliance deductions.*

(1) The CO₂ authorized account representative for a source's compliance account may request that specific CO₂ allowances, identified by serial number, in the compliance account be deducted for emissions or excess emissions for a control period or interim control period in accordance with subsection (b) or (d) of this section. Such identification shall be made in the compliance certification report submitted in accordance with section 23-401.

(2) The Agency or its agent will deduct CO₂ allowances for a control period or interim control period from the CO₂ budget source's compliance account, in the absence of an identification or in the case of a partial identification of available CO₂ allowances by serial number under subdivision (c)(1) of this section, in the following order:

(i) First, subject to the relevant compliance deduction limitations under subdivisions 23-605(a)(3) and (d)(1), CO₂ offset allowances. CO₂ offset allowances shall be deducted in chronological order (i.e., CO₂ offset allowances from earlier allocation years shall be deducted before CO₂ offset allowances from later allocation years). In the event that some, but not all, CO₂ offset allowances from a particular allocation year are to be deducted, CO₂ offset allowances shall be deducted by serial number, with lower serial number allowances deducted before higher serial number allowances.

(ii) Second, any CO₂ allowances, other than CO₂ offset allowances, that are available for deduction under subsection 23-605(a). CO₂ allowances shall be deducted in chronological order (i.e., CO₂ allowances from earlier allocation years shall be deducted before CO₂ allowances from later allocation years). In the event that some, but not all, CO₂ allowances from a particular allocation year are to be deducted, CO₂ allowances shall be deducted by serial number, with lower serial number allowances deducted before higher serial number allowances.

(d) *Deductions for excess emissions.*

(1) After making the deductions for compliance under subsection (b) of this section, the Agency or its agent will deduct from the CO₂ budget source's compliance account a number of CO₂ allowances equal to three times the number of the source's excess emissions. In the event that a source has insufficient CO₂ allowances to cover three times the number of the source's excess emissions, the source shall be required to immediately transfer CO₂ allowances equal to three times the number of the source's excess emissions into its compliance account. No CO₂ offset allowances may be deducted to account for the source's excess emissions.

(2) Any CO₂ allowance deduction required under subdivision (d)(1) of this section shall not affect the liability of the owners and operators of the CO₂ budget source or the CO₂ units at the source for any fine, penalty, or assessment, or their obligation to comply with any other remedy, for the same violation, as ordered under applicable State law. The following guidelines will be followed in assessing fines, penalties or other obligations:

(i) For purposes of determining the number of days of violation, if a CO₂ budget source has excess emissions for a control period, each day in the control period constitutes a day in violation unless the owners and operators of the unit demonstrate that a lesser number of days

should be considered.

(ii) Each ton of excess emissions is a separate violation.

(iii) For purposes of determining the number of days of violation, if a CO₂ budget source has excess interim emissions for an interim control period, each day in the interim control period constitutes a day in violation unless the owners and operators of the unit demonstrate that a lesser number of days should be considered.

(iv) Each ton of excess interim emissions is a separate violation.

(3) The propriety of the Agency's determination that a CO₂ budget source had excess emissions and the concomitant deduction of CO₂ allowances from that CO₂ budget source's account may be later challenged in the context of the initial administrative enforcement, or any civil or criminal judicial action arising from or encompassing that excess emissions violation. The commencement or pendency of any administrative enforcement, or civil or criminal judicial action arising from or encompassing that excess emissions violation will not act to prevent the Agency or its agent from initially deducting the CO₂ allowances resulting from the Agency's original determination that the relevant CO₂ budget source has had excess emissions. Should the Agency's determination of the existence or extent of the CO₂ budget source's excess emissions be revised either by a settlement or final conclusion of any administrative or judicial action, the Agency will act as follows:

(i) In any instance where the Agency's determination of the extent of excess emissions was too low, the Agency will take further action under subdivision (d)(1) and (2) of this section to address the expanded violation.

(ii) In any instance where the Agency's determination of the extent of excess emissions was too high, the Agency will distribute to the

relevant CO₂ budget source a number of CO₂ allowances equaling the number of CO₂ allowances deducted which are attributable to the difference between the original and final quantity of excess emissions. Should such CO₂ budget source's compliance account no longer exist, the CO₂ allowances will be provided to a general account selected by the owner or operator of the CO₂ budget source from which they were originally deducted.

(e) The Agency or its agent will record in the appropriate compliance account all deductions from such an account pursuant to subsections (b) and (d) of this section.

(f) *Action by the Agency on submissions.*

(1) The Agency may review and conduct independent audits concerning any submission under the CO₂ Budget Trading Program and make appropriate adjustments of the information in the submissions.

(2) The Agency may deduct CO₂ allowances from or transfer CO₂ allowances to a source's compliance account based on information in the submissions, as adjusted under subdivision (f)(1) of this section.

23-606 Banking.

Each CO₂ allowance that is held in a compliance account or a general account will remain in such account unless and until the CO₂ allowance is deducted or transferred under section 23-402, section 23-605, section 23-607, or Subchapter VII.

23-607 Account error.

The Agency or its agent may, at its sole discretion and on his or her own motion, correct any error in any CO₂ Allowance Tracking System (COATS) account. Within 10 business days of making such correction, the Agency or its agent will notify the CO₂ authorized account representative for the account.

23-608 Closing of general accounts.

(a) A CO₂ authorized account representative of a general account may instruct the Agency or its agent to close the account by submitting a statement requesting deletion of the account from the CO₂ Allowance Tracking System (COATS) and by correctly submitting for recordation under section 23-701 a CO₂ allowance transfer of all CO₂ allowances in the account to one or more other CO₂ Allowance Tracking System accounts.

(b) If a general account shows no activity for a period of one year or more and does not contain any CO₂ allowances, the Agency or its agent may notify the CO₂ authorized account representative for the account that the account will be closed in the CO₂ Allowance Tracking System (COATS) 30 business days after the notice is sent. The account will be closed after the 30-day period unless before the end of the 30-day period the Agency or its agent receives a correctly submitted transfer of CO₂ allowances into the account under section 23-701 or a statement submitted by the CO₂ authorized account representative demonstrating to the satisfaction of the Agency or its agent good cause as to why the account should not be closed. The Agency or its agent will have sole discretion to determine if the CO₂ authorized account representative of the account demonstrated that the account should not be closed.

Subchapter VII. CO₂ Allowance Transfers

23-701 Submission of CO₂ allowance transfers.

The CO₂ authorized account representatives seeking recordation of a CO₂ allowance transfer shall submit the transfer to the Agency or its agent. To be considered correctly submitted, the CO₂ allowance transfer shall include the following elements in a format specified by the Agency or its agent:

- (a) The numbers identifying both the transferor and transferee accounts;
- (b) a specification by serial number of each CO₂ allowance to be transferred;

- (c) the printed name and signature of the CO₂ authorized account representative of the transferor account and the date signed;
- (d) the date of the completion of the last sale or purchase transaction for the allowance, if any; and
- (e) the purchase or sale price of the allowance that is the subject of a sale or purchase transaction under subsection (d) of this section.

23-702 Recordation.

(a) Within 5 business days of receiving a CO₂ allowance transfer, except as provided in subsection (b) of this section, the Agency or its agent will record a CO₂ allowance transfer by moving each CO₂ allowance from the transferor account to the transferee account as specified by the request, provided that:

- (1) the transfer is correctly submitted under section 23-701; and
- (2) the transferor account includes each CO₂ allowance identified by serial number in the transfer.

(b) A CO₂ allowance transfer into or out of a compliance account that is submitted for recordation following the CO₂ allowance transfer deadline and that includes any CO₂ allowances that are of allocation years that fall within a control period or interim control period prior to or the same as the control period or interim control period to which the CO₂ allowance transfer deadline applies will not be recorded until after completion of the process pursuant to subsection 23-605(b).

(c) Where a CO₂ allowance transfer submitted for recordation fails to meet the requirements of subsection (a) of this section, the Agency or its agent will not record such transfer.

23-703 Notification.

(a) *Notification of recordation.* Within 5 business days of recordation of a CO₂

allowance transfer under section 23-702, the Agency or its agent will notify each party to the transfer. Notice will be given to the CO₂ authorized account representatives of both the transferor and transferee accounts.

(b) *Notification of non-recording.* Within 10 business days of receipt of a CO₂ allowance transfer that fails to meet the requirements of subsection 23-702(a), the Agency or its agent will notify the CO₂ authorized account representatives of both accounts subject to the transfer of:

- (1) a decision not to record the transfer, and
- (2) the reasons for such non-recording.

(c) Nothing in this section shall preclude the submission of a CO₂ allowance transfer for recording following notification of non-recording.

Subchapter VIII. Monitoring, Reporting and Recordkeeping

23-801 General requirements.

(a) *General requirements.* The owners and operators, and to the extent applicable, the CO₂ authorized account representative of a CO₂ budget unit, shall comply with the monitoring, recordkeeping and reporting requirements as provided in this Subchapter and all applicable sections of 40 CFR part 75. ~~Where referenced in this Subchapter, the monitoring requirements of 40 CFR Part 75 shall be adhered to in a manner consistent with the purpose of monitoring and reporting CO₂ mass emissions pursuant to this Subchapter.~~ For purposes of complying with such requirements, the definitions in section 23-102 and in 40 CFR 72.2 shall apply, and the terms “affected unit,” “designated representative,” and “continuous emissions monitoring system” (or “CEMS”) in 40 CFR part 75 shall be replaced by the terms “CO₂ budget unit,” “CO₂ authorized account representative,” and “continuous emissions monitoring system” (or “CEMS”), respectively, as defined in section 23-102. ~~For units not subject to an Acid Rain emissions limitation, the term “Administrator” in 40 CFR Part 75 shall be replaced with “the Agency or its agent.” Owners or operators of a CO₂ budget unit who monitor a non-CO₂ budget unit~~

~~pursuant to the common, multiple, or bypass stack procedures in 40 CFR 75.72(b)(2)(ii), or 40 CFR 75.16 (b)(2)(ii)(B) as pursuant to 40 CFR 75.13, for purposes of complying with this Chapter, shall monitor and report CO₂ mass emissions from such non-CO₂ budget units according to the procedures for CO₂ budget units established in this Subchapter.~~

(b) *Requirements for installation, certification, and data accounting.* The owner or operator of each CO₂ budget unit must meet the following requirements:

(1) Install all monitoring systems required under this Subchapter for monitoring CO₂ mass emissions. This includes all systems required to monitor CO₂ concentration, stack gas flow rate, O₂ concentration, heat input, and fuel flow rate, as applicable, in accordance with 40 CFR 75.13, 75.71 and 75.72 and all portions of appendix G of 40 CFR part 75, except for equation G-1 in 40 CFR Part 75. Equation G-1 in Appendix G shall not be used to determine CO₂ emissions under this Chapter.

~~(2) Successfully complete all certification tests required under section 23-802 and meet all other requirements of this Subchapter and 40 CFR part 75 applicable to the monitoring systems under subdivision (a)(1) of this section.~~

~~(3)(2)~~ Record, report and quality-assure the data from the monitoring systems under subdivision (a)(1) of this section.

~~(c) — *Compliance dates.* The owner or operator shall meet the monitoring system certification and other requirements of subdivisions (a)(1) through (a)(3) of this section on or before the following dates. The owner or operator shall record, report and quality-assure the data from the monitoring systems under subdivision (a)(1) of this section on and after the following dates.~~

~~(1) — The owner or operator of a CO₂ budget unit, except for a CO₂ budget unit under subdivision (b)(2) of this section, that commences commercial operation before July 1, 2008, must comply with the requirements of this~~

~~Subchapter by January 1, 2009.~~

~~(2) — The owner or operator of a CO₂ budget unit that commences commercial operation on or after July 1, 2008 must comply with the requirements of this Subchapter by the later of the following dates:~~

~~(i) — January 1, 2009; or~~

~~(ii) — the earlier of:~~

~~(a) — 90 unit operating days after the date on which the unit commences commercial operation; or~~

~~(b) — 180 calendar days after the date on which the unit commences commercial operation.~~

~~(3) — For the owner or operator of a CO₂ budget unit for which construction of a new stack or flue installation is completed after the applicable deadline under subdivision (b)(1) or (b)(2) of this section by the earlier of:~~

~~(i) — 90 unit operating days after the date on which emissions first exit to the atmosphere through the new stack or flue; or~~

~~(ii) — 180 calendar days after the date on which emissions first exit to the atmosphere through the new stack or flue.~~

~~(d) — *Reporting Data.*~~

~~(1) — Except as provided in subdivision (c)(2) of this section, the owner or operator of a CO₂ budget unit that does not meet the applicable compliance date set forth in subdivisions (b)(1), (b)(2) and (b)(3) of this section for any monitoring system under subdivision (a)(1) of this section shall, for each such monitoring system, determine, record, and report maximum potential (or as appropriate minimum potential) values for CO₂ concentration, CO₂ emissions rate, stack gas moisture content, fuel flow rate, heat input, and any other parameter required to determine CO₂ mass emissions in accordance with 40 CFR 75.31(b)(2) or (c)(3) or section 2.4 of appendix D of 40 CFR part 75 as~~

applicable.

~~(2) — The owner or operator of a CO₂ budget unit that does not meet the applicable compliance date set forth in subdivision (b)(3) of this section for any monitoring system under subdivision (a)(1) of this section shall, for each such monitoring system, determine, record, and report substitute data using the applicable missing data procedures in Subpart D or appendix D of 40 CFR part 75, in lieu of the maximum potential (or as appropriate minimum potential) values for a parameter if the owner or operator demonstrates that there is continuity between the data streams for that parameter before and after the construction or installation under subdivision (b)(3) of this section.~~

~~(3) — *Low Mass Emissions (LME) Methodologies.*~~

~~(i) — CO₂ budget units subject to an Acid Rain emissions limitation that qualify for the optional SO₂, NO_x, and CO₂ emissions calculations for LME units under 40 CFR 75.19 and report emissions for such programs using the calculations under 40 CFR 75.19, shall also use the CO₂ emissions calculations for LME units under 40 CFR 75.19 for purposes of compliance with this Chapter.~~

~~(ii) — CO₂ budget units subject to an Acid Rain emissions limitation that do not qualify for the optional SO₂, NO_x, and CO₂ emissions calculations for LME units under 40 CFR 75.19, shall not use the CO₂ emissions calculations for LME units under 40 CFR 75.19 for purposes of compliance with this Chapter.~~

~~(iii) — CO₂ budget units not subject to an Acid Rain emissions limitation shall qualify for the optional CO₂ emissions calculation for LME units under 40 CFR 75.19, provided that they emit less than 100 tons of NO_x annually and no more than 25 tons of SO₂ annually.~~

~~(e) — *Prohibitions.*~~

~~(1) — No owner or operator of a CO₂ budget unit shall use any alternative~~

~~monitoring system, alternative reference method, or any other alternative for the required continuous emissions monitoring system without having obtained prior written approval in accordance with section 23-806.~~

~~(2) — No owner or operator of a CO₂ budget unit shall operate the unit so as to discharge, or allow to be discharged, CO₂ emissions to the atmosphere without accounting for all such emissions in accordance with the applicable provisions of this Subchapter and 40 CFR part 75.~~

~~(3) — No owner or operator of a CO₂ budget unit shall disrupt the continuous emissions monitoring system, any portion thereof, or any other approved emissions monitoring method, and thereby avoid monitoring and recording CO₂ mass emissions discharged into the atmosphere, except for periods of recertification or periods when calibration, quality assurance testing, or maintenance is performed in accordance with the applicable provisions of this Subchapter and 40 CFR part 75.~~

~~(4) — No owner or operator of a CO₂ budget unit shall retire or permanently discontinue use of the continuous emissions monitoring system, any component thereof, or any other approved emissions monitoring system under this Subchapter, except under any one of the following circumstances:~~

~~(i) — The owner or operator is monitoring emissions from the unit with another certified monitoring system approved, in accordance with the applicable provisions of this Subchapter and 40 CFR part 75, by the Agency for use at that unit that provides emissions data for the same pollutant or parameter as the retired or discontinued monitoring system;~~
~~or~~

~~(ii) — The CO₂ authorized account representative submits notification of the date of certification testing of a replacement monitoring system in accordance with subdivision 23-802(d)(3)(i).~~

~~(a) — The owner or operator of a CO₂ budget unit shall be exempt from the initial certification requirements of this section for a monitoring system under subdivision 23-801(a)(1) if the following conditions are met:~~

~~(1) — The monitoring system has been previously certified in accordance with 40 CFR part 75; and~~

~~(2) — The applicable quality assurance and quality control requirements of 40 CFR 75.21 and appendix B and appendix D of 40 CFR part 75 are fully met for the certified monitoring system described in subdivision (a)(1) of this section.~~

~~(b) — The recertification provisions of this section shall apply to a monitoring system under subdivision 23-801(a)(1) exempt from initial certification requirements under subsection (a) of this section.~~

~~(c) — If the Administrator has previously approved a petition under 40 CFR 75.72(b)(2)(ii), or 40 CFR 75.16 (b)(2)(ii)(B) as pursuant to 40 CFR 75.13 for apportioning the CO₂ emissions rate measured in a common stack or a petition under 40 CFR 75.66 of this chapter for an alternative requirement in 40 CFR part 75, the CO₂ authorized account representative shall submit the petition to the Agency under subsection 23-806(a) to determine whether the approval applies under this program.~~

~~(d) — Except as provided in subsection (a) of this section, the owner or operator of a CO₂ budget unit shall comply with the following initial certification and recertification procedures for a continuous emissions monitoring system and an excepted monitoring system under appendix D of 40 CFR part 75 and under subdivision 23-801(a)(1). The owner or operator of a unit that qualifies to use the low mass emissions excepted monitoring methodology in 40 CFR 75.19 or that qualifies to use an alternative monitoring system under Subpart E of 40 CFR part 75 shall comply with the procedures in subsection or (f) of this section, respectively.~~

~~(1) — *Requirements for initial certification.* The owner or operator shall ensure that each continuous emissions monitoring system required under subdivision 23-801(a)(1) (which includes the automated data acquisition and handling system) successfully completes all of the initial certification testing required under 40 CFR 75.20 by the applicable deadlines specified in subsection 23-801(b). In addition, whenever the owner or operator installs a monitoring system in order to meet the requirements of this Subchapter in a location where no such monitoring system was previously installed, initial certification in accordance with 40 CFR 75.20 is required.~~

~~(2) — *Requirements for recertification.* For systems using the stack measurements such as stack flow, stack moisture content, CO₂ or O₂ monitors, whenever the owner or operator makes a replacement, modification, or change in a certified continuous emissions monitoring system under subdivision 23-801(a)(1) that the Administrator or the Agency determines significantly affects the ability of the system to accurately measure or record CO₂ mass emissions or to meet the quality assurance and quality control requirements of 40 CFR 75.21 or appendix B to 40 CFR part 75, the owner or operator shall recertify the monitoring system according to 40 CFR 75.20(b). Furthermore, whenever the owner or operator makes a replacement, modification, or change to the flue gas handling system or the unit's operation that the Administrator or the Agency determines to significantly change the flow or concentration profile, the owner or operator shall recertify the continuous emissions monitoring system according to 40 CFR 75.20(b). Examples of changes which require recertification include: replacement of the analyzer, change in location or orientation of the sampling probe or site, or changing of flow rate monitor polynomial coefficients.~~

~~(3) — *Approval process for initial certifications and recertification.* Subdivisions (d)(3)(i) through (iv) of this section apply to both initial certification and recertification of a monitoring system under subdivision 23-801(a)(1). For recertifications, replace the words "certification" and "initial~~

~~certification” with the word “recertification,” replace the word “certified” with “recertified,” and proceed in the manner described in 40 CFR 75.20(b)(5) and (g)(7) in lieu of subdivision (d)(3)(v) of this section.~~

~~(i) — *Notification of certification.* The CO₂ authorized account representative shall submit to the Agency or its agent, the appropriate EPA Regional Office and the Administrator a written notice of the dates of certification in accordance with section 23-804.~~

~~(ii) — *Certification application.* The CO₂ authorized account representative shall submit to the Agency or its agent a certification application for each monitoring system. A complete certification application shall include the information specified in 40 CFR 75.63.~~

~~(iii) — *Provisional certification data.* The provisional certification date for a monitor shall be determined in accordance with 40 CFR 75.20(a)(3). A provisionally certified monitor may be used under the CO₂ budget Trading Program for a period not to exceed 120 days after receipt by the Agency of the complete certification application for the monitoring system or component thereof under subdivision (d)(3)(ii) of this section. Data measured and recorded by the provisionally certified monitoring system or component thereof, in accordance with the requirements of 40 CFR part 75, will be considered valid quality assured data (retroactive to the date and time of provisional certification), provided that the Agency does not invalidate the provisional certification by issuing a notice of disapproval within 120 days of receipt of the complete certification application by the Agency.~~

~~(iv) — *Certification application approval process.* The Agency will issue a written notice of approval or disapproval of the certification application to the owner or operator within 120 days of receipt of the complete certification application under subdivision (d)(3)(ii) of this section. In the event the Agency does not issue such a notice within~~

~~such 120-day period, each monitoring system which meets the applicable performance requirements of 40 CFR part 75 and is included in the certification application will be deemed certified for use under the CO₂ Budget Trading Program.~~

~~(a) — *Approval notice.* If the certification application is complete and shows that each monitoring system meets the applicable performance requirements of 40 CFR part 75, then the Agency will issue a written notice of approval of the certification application within 120 days of receipt.~~

~~(b) — *Incomplete application notice.* If the certification application is not complete, then the Agency will issue a written notice of incompleteness that sets a reasonable date by which the CO₂ authorized account representative submit the additional information required to complete the certification application. If the CO₂ authorized account representative does not comply with the notice of incompleteness by the specified date, then the Agency may issue a notice of disapproval under subdivision (d)(3)(iv)(c) of this section. The 120-day review period shall not begin before receipt of a complete certification application~~

~~(c) — *Disapproval notice.* If the certification application shows that any monitoring system or component thereof does not meet the performance requirements of 40 CFR part 75, or if the certification application is incomplete and the requirement for disapproval under subdivision (d)(3)(iv)(b) of this section is met, then the Agency will issue a written notice of disapproval of the certification application. Upon issuance of such notice of disapproval, the provisional certification is invalidated by the Agency and the data measured and recorded by each uncertified monitoring system or component thereof shall not be~~

~~considered valid quality assured data beginning with the date and hour of provisional certification. The owner or operator shall follow the procedures for loss of certification in subdivision (d)(3)(v) of this section for each monitoring system or component thereof, which is disapproved for initial certification.~~

~~(d) — *Audit decertification.* The Agency may issue a notice of disapproval of the certification status of a monitor in accordance with subsection 23-803(b).~~

~~(v) — *Procedures for loss of certification.* If the Agency issues a notice of disapproval of a certification application under subdivision (d)(3)(iv)(c) of this section or a notice of disapproval of certification status under subdivision (d)(3)(iv)(d) of this section, then:~~

~~(a) — The owner or operator shall substitute the following values for each disapproved monitoring system, for each hour of unit operation during the period of invalid data beginning with the date and hour of provisional certification and continuing until the time, date, and hour specified under 40 CFR 75.20(a)(5)(i) or 40 CFR 75.20(g)(7):~~

~~(1) — for units using or intending to monitor for CO₂ mass emissions using heat input or for units using the low mass emissions excepted methodology under 40 CFR 75.19, the maximum potential hourly heat input of the unit; or~~

~~(2) — for units intending to monitor for CO₂ mass emissions using a CO₂ pollutant concentration monitor and a flow monitor, the maximum potential concentration of CO₂ and the maximum potential flow rate of the unit under section 2.1 of appendix A of 40~~

~~CFR part 75.~~

~~(b) — The CO₂ authorized account representative shall submit a notification of certification retest dates and a new certification application in accordance with subdivisions (d)(3)(i) and (ii) of this section; and~~

~~(c) — The owner or operator shall repeat all certification tests or other requirements that were failed by the monitoring system, as indicated in the Agency's notice of disapproval, no later than 30 unit operating days after the date of issuance of the notice of disapproval.~~

~~(e) — Initial certification and recertification procedures for low mass emissions units using the excepted methodologies under subdivision 23-801(c)(3). The owner or operator of a unit qualified to use the low mass emissions excepted methodology under subdivision 23-801(c)(3) shall meet the applicable certification and recertification requirements of 40 CFR 75.19(a)(2), 40 CFR 75.20(h) and section 23-802. If the owner or operator of such a unit elects to certify a fuel flow meter system for heat input determinations, the owner or operator shall also meet the certification and recertification requirements in 40 CFR 75.20(g).~~

~~(f) — Certification/recertification procedures for alternative monitoring systems. The CO₂ authorized account of each unit for which the owner or operator intends to use an alternative monitoring system approved by the Administrator and, if applicable, the Agency under Subpart E of 40 CFR part 75 shall comply with the applicable notification and application procedures of 40 CFR 75.20(f).~~

23-803 Out-of-control periodsRESERVED.

~~(a) — Whenever any monitoring system fails to meet the quality assurance and quality control requirements or data validation requirements of 40 CFR part 75, data shall be substituted using the applicable procedures in Subpart D or appendix D of 40 CFR part 75.~~

~~(b) — *Audit decertification.* Whenever both an audit of a monitoring system and a review of the initial certification or recertification application reveal that any monitoring system should not have been certified or recertified because it did not meet a particular performance specification or other requirement under section 23-802 or the applicable provisions of 40 CFR part 75, both at the time of the initial certification or recertification application submission and at the time of the audit, the Agency or Administrator will issue a notice of disapproval of the certification status of such monitoring system. For the purposes of this subsection, an audit shall be either a field audit or an audit of any information submitted to the Agency or the Administrator. By issuing the notice of disapproval, the Agency or Administrator revokes prospectively the certification status of the monitoring system. The data measured and recorded by the monitoring system shall not be considered valid quality-assured data from the date of issuance of the notification of the revoked certification status until the date and time that the owner or operator completes subsequently approved initial certification or recertification tests for the monitoring system. The owner or operator shall follow the initial certification or recertification procedures in section 23-802 for each disapproved monitoring system.~~

23-804 NotificationsRESERVED.

~~The CO₂ authorized account representative for a CO₂ budget unit shall submit written notice to the Agency and the Administrator in accordance with 40 CFR 75.61.~~

23-805 Recordkeeping and reporting.

(a) *General provisions.* The CO₂ authorized account representative shall comply with all recordkeeping and reporting requirements in this section, the applicable record keeping and reporting requirements under 40 CFR 75.73 and with the requirements of subsection 23-201(e).

(b) *Monitoring plans.* The owner or operator of a CO₂ budget unit shall submit a monitoring plan in the manner prescribed in 40 CFR 75.62.

(c) *Certification applications.* The CO₂ authorized account representative shall

submit an application to the Agency within 45 days after completing all CO₂ monitoring system initial certification or recertification tests ~~required under section 23-802 including the information~~ required under CFR 75.63 and 40 CFR 75.53 (g) and (h).

(d) *Quarterly reports.* The CO₂ authorized account representative shall submit quarterly reports, as follows:

(1) The CO₂ authorized account representative shall report the CO₂ mass emissions data for the CO₂ budget unit, in an electronic format prescribed by the Administrator unless otherwise prescribed by the Agency for each calendar quarter beginning with:

(i) for a unit that commences commercial operation before July 1, 2008, the calendar quarter covering January 1, 2009 through March 31, 2009; or

(ii) for a unit commencing commercial operation on or after July 1, 2008, the calendar quarter corresponding to, the earlier of the date of provisional certification or the applicable deadline for initial certification under subsection 23-801(b) or, unless that quarter is the third or fourth quarter of 2008, in which case reporting shall commence in the quarter covering January 1, 2009 through March 31, 2009.

(2) The CO₂ authorized account representative shall submit each quarterly report to the Agency or its agent within 30 days following the end of the calendar quarter covered by the report. Quarterly reports shall be submitted in the manner specified in Subpart H of 40 CFR part 75 and 40 CFR 75.64. Quarterly reports shall be submitted for each CO₂ budget unit (or group of units using a common stack), and shall include all of the data and information required in Subpart G of 40 CFR part 75, except for opacity, NO_x and SO₂ provisions.

(3) *Compliance certification.* The CO₂ authorized account representative shall submit to the Agency or its agent a compliance certification in support of each quarterly report based on reasonable inquiry of those persons with primary responsibility for ensuring that all of the unit's emissions are correctly and fully monitored. The certification shall state that:

(i) the monitoring data submitted were recorded in accordance with the applicable requirements of this Subchapter and 40 CFR part 75, including the quality assurance procedures and specifications;

(ii) for a unit with add-on CO₂ emissions controls and for all hours where data are substituted in accordance with 40 CFR 75.34(a)(1), the add-on emissions controls were operating within the range of parameters listed in the quality assurance/quality control program under appendix B of 40 CFR part 75 and the substitute values do not systematically underestimate CO₂ emissions; and

(iii) the CO₂ concentration values substituted for missing data under Subpart D of 40 CFR part 75 do not systematically underestimate CO₂ emissions.

23-806 Petitions.

(a) Except as provided in subsection (c) of this section, the CO₂ authorized account representative of a CO₂ budget unit that is subject to an Acid Rain emissions limitation may submit a petition to the Administrator under 40 CFR 75.66 and to the Agency requesting approval to apply an alternative to any requirement of 40 CFR Part 75. Application of an alternative to any requirement of 40 CFR Part 75 is in accordance with this Subchapter only to the extent that the petition is approved in writing by the Administrator, and subsequently approved in writing by the Agency.

(b) Petitions for a CO₂ budget unit that is not subject to an Acid Rain emissions limitation.

(1) The CO₂ authorized account representative of a CO₂ budget unit that is not subject to an Acid Rain emissions limitation may submit a petition to the Administrator under 40 CFR 75.66 and to the Agency requesting approval to apply an alternative to any requirement of 40 CFR Part 75. Application of an alternative to any requirement of 40 CFR Part 75 is in accordance with this Subchapter only to the extent that the petition is approved in writing by the Administrator, and subsequently approved in writing by the Agency.

(2) In the event that the Administrator declines to review a petition under 40 CFR 75.66 as described in subdivision 23-806(b)(1), the CO₂ authorized account representative of a CO₂ budget unit that is not subject to an Acid Rain emissions limitation may submit a petition to the Agency requesting approval to apply an alternative to any requirement of this Subchapter. The petition shall contain all of the relevant information specified in 40 CFR 75.66. Application of an alternative to any requirement of this Subchapter is in accordance with this Subchapter only to the extent the petition is approved in writing by the Agency.

(c) The CO₂ authorized account representative of a CO₂ budget unit that is subject to an Acid Rain emissions limitation may submit a petition to the Administrator under 40 CFR 75.66 and to the Agency requesting approval to apply an alternative to a requirement concerning any additional CEMS required under the common stack provisions of 40 CFR 75.72 or a CO₂ concentration CEMS used under 40 CFR 75.71(a)(2). Application of an alternative to any such requirement is in accordance with this Subchapter only to the extent the petition is approved in writing by the Administrator, and subsequently approved in writing by the Agency.

23-807 **RESERVEDeserved.**

23-808 **Additional requirements to provide output data.**

- (a) A CO2 budget unit in a state that requires the use of information submitted to the Independent System Operator (ISO) to document megawatt-hours (MWh) the CO2 budget unit produces shall submit to the Agency or its agent the same MWh value submitted to the ISO and a statement certifying that the MWh of electrical output reported reflects the total actual electrical output for all CO2 budget units at the facility used by the ISO to determine settlement resources of energy market participants.
- (b) A CO2 budget unit in a state that requires gross output to be used that also reports gross hourly MW to the Administrator, shall use the same electronic data report (EDR) gross output (in MW), as submitted to the Administrator, for the hour times operating time in the hour, added for all hours in a year. A CO2 budget unit that does not report gross hourly MW to the Administrator shall submit to the Agency or its agent information in accordance with subdivision 23-808(e)(1).
- (c) A CO2 budget unit in a state that requires net electrical output to be used shall submit to the Agency or its agent information in accordance with subdivision 23-808(e)(1). A CO2 budget source whose electrical output is not used in ISO energy market settlement determinations shall propose to the Agency a method for quantification of net electrical output.
- (d) CO2 budget sources selling steam should use billing meters to determine net steam output. A CO2 budget source whose steam output is not measured by billing meters or whose steam output is combined with output from a non-CO2 budget unit prior to measurement by the billing meter shall propose to the Agency an alternative method for quantification of net steam output. If data for steam output is not available, the CO2 budget source may report heat input providing useful steam output as a surrogate for steam output.

(e) *Monitoring.* The owner or operator of each CO₂ budget unit, in a state that requires reporting of the CO₂ budget unit's net output, shall meet the following requirements. Each CO₂ budget source shall submit an output monitoring plan. The output monitoring plan must include a description and diagram as stated below.

(1) Submit a diagram of the electrical and/or steam system for which output is being monitored, specifically including the following:

(i) If the CO₂ budget unit monitors net electric output, the diagram should contain all CO₂ budget units and all generators served by each CO₂ budget unit and the relationship between CO₂ budget units and generators. If a generator served by a CO₂ budget unit is also served by a non-affected unit, the non-affected unit and its relationship to each generator should be indicated on the diagram as well. The diagram should indicate where the net electric output is measured and should include all electrical inputs and outputs to and from the plant. If net electric output is determined using a billing meter, the diagram should show each billing meter used to determine net sales of electricity and should show that all electricity measured at the point of sale is generated by the CO₂ budget units.

(ii) If the CO₂ budget unit monitors net thermal output, the diagram should include all steam or hot water coming into the net steam system, including steam from CO₂ budget units and non-affected units, and all exit points of steam or hot water from the net steam system. In addition, each input and output stream will have an estimated temperature, pressure and phase indicator, and an enthalpy in Btu/lb. The diagram of the net steam system should identify all useful loads, house loads, parasitic loads, any other steam loads and all boiler feedwater returns. The diagram will represent all energy losses in the system as either usable or unusable losses. The diagram will also indicate all flow

meters, temperature or pressure sensors or other equipment used to calculate gross thermal output. If a sales agreement is used to determine net thermal output, the diagram should show the monitoring equipment used to determine the sales of steam.

(2) Submit a description of each output monitoring system. The description of the output monitoring system should include a written description of the output system and the equations used to calculate output. For net thermal output systems descriptions and justifications of each useful load should be included.

(3) Submit a detailed description of all quality assurance/quality control activities that will be performed to maintain the output system in accordance with subsection 23-808(g).

(4) Submit documentation supporting any output value(s) to be used as a missing data value should there be periods of invalid output data. The missing data output value must be either zero or an output value that is likely to be lower than a measured value and that is approved as part of the monitoring plan required under this subsection.

(f) *Initial certification.* A certification statement must be submitted by the CO₂ authorized account representative stating that either the output monitoring system consists entirely of billing meters or that the output monitoring system meets one of the accuracy requirements for non-billing meters at subdivision (f)(2) of this section. This statement may be submitted with the certification application required under subsection 23-805(c).

(1) *Billing meters.* The billing meter must record the electric or thermal output. Any electric or thermal output values that the facility reports must be the same as the values used in billing for the output. Any output measurement equipment used as a billing meter in commercial transactions requires no additional certification or testing.

(2) *Non-billing meters.* For non-billing meters, the output monitoring system must either meet an accuracy of within 10% of the reference value, or each component monitor for the output system must meet an accuracy of within 3% of the full-scale value, whichever is less stringent.

(i) *System approach to accuracy.* The system approach to accuracy must include a determination of how the system accuracy of 10% is achieved using the individual components in the system and should include data loggers and any wattmeters used to calculate the final net electric output data and/or any flowmeters for steam or condensate, temperature measurement devices, absolute pressure measurement devices, and differential pressure devices used for measuring thermal energy.

(ii) *Component approach to accuracy.* If testing a piece of output measurement equipment shows that the output readings are not accurate to within 3.0 percent of the full-scale value, then the equipment should be repaired or replaced to meet that requirement. Data shall remain invalid until the output measurement equipment passes an accuracy test or is replaced with another piece of equipment that passes the accuracy test.

(g) *Ongoing QA/QC.* Ongoing quality assurance/quality control activities must be performed in order to maintain the output system.

(1) *Billing meters.* In the case where billing meters are used to determine output, no QA/QC activities beyond what are already performed are required.

(2) *Non-billing meters.* Certain types of equipment such as potential transformers, current transformers, nozzle and venturi type meters, and the primary element of an orifice plate only require an initial certification of calibration and do not require periodic recalibration unless the equipment is physically changed. However, the pressure and temperature transmitters

accompanying an orifice plate will require periodic retesting. For other types of equipment, the meter must be either recalibrated or re-verified ~~for the meter~~ accuracy at least once every two years (i.e., every eight calendar quarters), unless a consensus standard allows for less frequent calibrations or accuracy tests. For non-billing meters, the output monitoring system must either meet an accuracy of within 10% of the reference value, or each component monitor for the output system must meet an accuracy of within 3% of the full-scale value, whichever is less stringent. If testing a piece of output measurement equipment shows that the output readings are not accurate to within 3.0 percent of the full-scale value, then the equipment should be repaired or replaced to meet that requirement.

(3) *Out-of-control periods.* If testing a piece of output measurement equipment shows that the output readings are not accurate to the certification value, data remain invalid until the output measurement equipment passes an accuracy test or is replaced with another piece of equipment that passes the accuracy test. All invalid data shall be replaced by either zero or an output value that is likely to be lower than a measured value and that is approved as part of the monitoring plan required under subsection 23-808(e).

(h) *Recordkeeping and reporting.*

(1) *General provisions.* The CO₂ authorized account representative shall comply with all recordkeeping and reporting requirements in this section and with the requirements of subsections 23-105(e) and 23-201(e).

(2) *Recordkeeping.* Facilities shall retain data used to monitor, determine, or calculate net generation for ten years.

(3) *Annual reports.* The CO₂ authorized account representative shall submit annual output reports, as follows. The data must be sent electronically by March 1 for the immediately preceding calendar year to the Agency or its agent. The annual report shall include unit level MWh, all useful steam output

and a certification statement from the CO₂ authorized account representative stating the following:

“I am authorized to make this submission on behalf of the owners and operators of the CO₂ budget sources or CO₂ budget units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.”

Subchapter IX. RESERVED

~~Subchapter X. CO₂ Emissions Offset Projects~~

~~23-1001 Purpose.~~

~~The Agency will provide for the award of CO₂ offset allowances to sponsors of CO₂ emissions offset projects that have reduced or avoided atmospheric loading of CO₂, CO₂-equivalent or sequestered carbon as demonstrated in accordance with the applicable provisions of this Subchapter. The requirements of this Subchapter seek to ensure that CO₂ offset allowances awarded represent CO₂-equivalent emission reductions or carbon sequestration that are real, additional, verifiable, enforceable, and permanent within the framework of a standards-based approach. Subject to the relevant compliance deduction limitations of subdivision 23-605(a)(3), CO₂ offset allowances may be used by any CO₂ budget source for compliance purposes.~~

~~23-1002 Definitions.~~

~~(a) The terms defined in this section shall apply to this Subchapter only, and for the purposes of this Chapter shall supersede definitions contained in any other~~

~~statutes or regulations. The definitions contained in section 23-102 shall govern in the absence of a superseding definition in this section.~~

~~(1) — *Anaerobic digester.* A device that promotes the decomposition of organic material to simple organics and gaseous biogas products in the absence of elemental oxygen, usually accomplished by means of controlling temperature and volume, and including a methane recovery system.~~

~~(2) — *Anaerobic digestion.* The decomposition of organic material including manure brought about through the action of microorganisms in the absence of elemental oxygen.~~

~~(3) — *Anaerobic storage.* Storage of organic material in an oxygen-free environment, or under oxygen-free conditions, including but not limited to, holding tanks, ponds, and lagoons.~~

~~(4) — *ANSI.* American National Standards Institute.~~

~~(5) — *Biogas.* Gas resulting from the decomposition of organic matter under anaerobic conditions. The principle constituents are methane and carbon dioxide.~~

~~(6) — *CO₂e.* CO₂e means carbon dioxide equivalent.~~

~~(7) — *Conflict of interest.* A situation that may arise with respect to an individual in relation to any specific project sponsor, CO₂ emissions offset project or category of offset projects, such that the individual's other activities or relationships with other persons or organizations render or may render the individual incapable of providing an impartial certification opinion, or otherwise compromise the individual's objectivity in performing certification functions.~~

~~(8) — *Cooperating regulatory agency.* A regulatory agency in a state or United States jurisdiction that is not a participating state that has entered into a~~

~~memorandum of understanding with the appropriate regulatory agencies of all participating states to carry out certain obligations relative to CO₂ emissions offset projects in that state or United States jurisdiction, including but not limited to the obligation to perform audits of offset project sites, and report violations of this Subchapter.~~

~~(9) — *Forest offset project.* An offset project involving reforestation, improved forest management, or avoided conversion.~~

~~(10) — *Forest offset project data report.* The report prepared by a project sponsor each year that provides the information and documentation required by this Subpart or the forest offset protocol.~~

~~(11) — *Forest offset protocol.* The protocol titled “Regional Greenhouse Gas Initiative Offset Protocol U.S. Forest Projects” (June 2013).~~

~~(12) — *Independent verifier.* An individual that has been approved by the Agency or its agent to conduct verification activities.~~

~~(13) — *Intentional Reversal.* Any reversal caused by a forest owner's negligence, gross negligence, or willful intent, including harvesting, development, and harm to the area within the offset project boundary.~~

~~(14) — *Market penetration rate.* A measure of the diffusion of a technology, product, or practice in a defined market, as represented by the percentage of annual sales for a product or practice, or as a percentage of the existing installed stock for a product or category of products, or as the percentage of existing installed stock that utilizes a practice. The REGULATORY AGENCY may determine an appropriate market definition and market penetration metric for a category of technology, product or practice, and may issue guidance specifying the technologies, products or practices that meet a specified market penetration rate.~~

~~(15) — *Offset project.* An offset project includes all equipment, materials, items, or actions directly related to the reduction of CO₂ equivalent emissions or the sequestration of carbon specified in a consistency application submitted pursuant to section 23-1005. Equipment, materials, items, or actions unrelated to an offset project reduction of CO₂ equivalent emissions or the sequestration of carbon but occurring at a location where an offset project occurs, shall not be considered part of an offset project, unless specified by this Subchapter.~~

~~(16) — *Permanently retired.* A greenhouse gas allowance or credit has been “permanently retired” if it has been placed in a retirement account controlled by the jurisdiction that generated the allowance or credit, or has been placed in an allowance retirement account controlled by the Agency, or is otherwise determined by the Agency to have been rendered unusable.~~

~~(17) — *Project commencement.* For an offset project involving physical construction, other work at an offset project site, or installation of equipment or materials, the date of the beginning of such activity. For an offset project that involves the implementation of a management activity or protocol, the date on which such activity is first implemented or such protocol first utilized. For an offset project involving reforestation, improved forest management, or avoided conversion, the date specified in section 3.2 of the forest offset protocol.~~

~~(18) — *Regional-type anaerobic digester.* An anaerobic digester using feedstock from more than one agricultural operation or importing feedstock from more than one agricultural operation. Also commonly referred to as a “community digester” or “centralized digester.”~~

~~(19) — *Renewable portfolio standard.* A statutory or regulatory requirement that a load serving entity provide a certain portion of the electricity it supplies to its customers from renewable energy sources, or any other statutory or regulatory requirement that a certain portion of electricity supplied to the electricity grid~~

~~be generated from renewable energy sources.~~

~~(20) — *Reporting Period.* The period of time covered by a forest offset project data report. The first reporting period for an offset project in an initial crediting period may consist of 6 to 24 consecutive months; all subsequent reporting periods in an initial crediting and all reporting periods in any renewed crediting period must consist of 12 consecutive months.~~

~~(21) — *Reversal.* A GHG emission reduction or GHG removal enhancement for which CO₂ offset allowances have been issued that is subsequently released or emitted back into the atmosphere due to any intentional or unintentional circumstance.~~

~~(22) — *System benefit fund.* Any fund collected directly from retail electricity or natural gas ratepayers.~~

~~(23) — *Total solids.* Total solids are the total of all solids in a sample. They include the total suspended solids, total dissolved solids, and volatile-suspended solids.~~

~~(24) — *Transmission and/or distribution entity.* The assets and equipment used to transmit and distribute electricity from an electric generator to the electrical load of a customer. Includes all related assets and equipment located within the service territory of the entity, defined as the service territory of a load-serving entity specified by the applicable state regulatory agency.~~

~~(25) — *Unintentional Reversal.* Any reversal, including but not limited to reversals caused by wildfires, insect infestation or disease that is not the result of the forest owner's negligence, gross negligence, or willful intent.~~

~~(26) — *Verification.* The determination by an independent verifier that certain parts of a CO₂ emissions offset project consistency application and/or~~

measurement, monitoring or verification report conforms to the requirements of this Subchapter.

~~(27) — *Volatile solids.* The fraction of total solids that is comprised primarily of organic matter as defined in U.S. EPA method Number 160.4 for the Chemical Analysis of Water and Wastes (MCAWW)(EPA/600/4-79/020).~~

23-1003 — General Requirements.

~~(a) — *Eligible CO₂ emissions offset projects.* To qualify for the award of CO₂ offset allowances, offset projects shall satisfy all the applicable requirements of Subchapter X.~~

~~(1) — *Offset project types.* The following types of offset projects are eligible for the award of CO₂ offset allowances by the Agency.~~

~~(i) — Landfill methane capture and destruction;~~

~~(ii) — Sequestration of carbon due to reforestation, improved forest management, or avoided conversion;~~

~~(iii) — Avoided methane emissions from agricultural manure management operations.~~

~~(2) — *Offset project locations.* The Agency may award CO₂ offset allowances to eligible offset project types that are located in any of the following locations:~~

~~(i) — in Vermont;~~

~~(ii) — partly in Vermont and partly in one or more other participating states, provided that the larger part of the CO₂ equivalent emissions reduction or carbon sequestration due to the offset project occur in Vermont; and~~

~~(iii) — in any state or other United States jurisdiction in which a~~

~~cooperating regulatory agency has entered into a memorandum of understanding with the appropriate regulatory agencies of all participating states to carry out certain obligations relative to CO₂ emissions offset projects in that state or U.S. jurisdiction, including but not limited to the obligation to perform audits of offset project sites, and report violations of this Subchapter.~~

~~(b) — *Project sponsor.* Any person may act as the sponsor of an eligible CO₂ emissions offset project, provided that person meets the requirements of section 23-1004.~~

~~(c) — *General additionality requirements.* Except as provided with respect to specific offset project standards in section 23-1005, the following general requirements shall apply.~~

~~(1) — CO₂ offset allowances shall not be awarded to an offset project that is required pursuant to any local, state or federal law, regulation, or administrative or judicial order. If an offset project receives a consistency determination under section 23-1004 and is later required by local, state or federal law, regulation, or administrative or judicial order, then the offset project shall remain eligible for the award of CO₂ offset allowances until the end of its current allocation period but its eligibility shall not be extended for an additional allocation period.~~

~~(2) — CO₂ offset allowances shall not be awarded to an offset project that includes an electric generation component, unless the project sponsor transfers legal rights to any and all attribute credits (other than the CO₂ offset allowances awarded under section 23-1007) generated from the operation of the offset project that may be used for compliance with a renewable portfolio standard or other regulatory requirement, to the Agency or its agent.~~

~~(3) — CO₂ offset allowances shall not be awarded to an offset project that receives funding or other incentives from any system benefit fund, or funds or~~

~~other incentives provided through the consumer benefit or strategic energy purpose account.~~

~~(4) — CO₂ offset allowances shall not be awarded to an offset project that is awarded credits or allowances under any other mandatory or voluntary greenhouse gas program, except as described in section 23-1005(b)(10).~~

~~(d) — *Maximum allocation periods for CO₂ emissions offset projects.*~~

~~(1) — *Maximum allocation periods.* Except as provided in subdivision (d)(2) of this section, the Agency may award CO₂ offset allowances under section 23-1007 for an initial 10-year allocation period. At the end of the initial 10-year allocation period, the Agency may award CO₂ offset allowances for a second 10-year allocation period, provided the offset sponsor has submitted a consistency application pursuant to section 23-1004 prior to the expiration of the initial allocation period, and the Agency has issued a consistency determination pursuant to subdivision 23-1004(e)(2).~~

~~(2) — *Maximum allocation period for reforestation, improved forest management, or avoided conversion offset projects.* The Agency may award CO₂ offset allowances under section 23-1007 for any offset project involving reforestation, improved forest management, or avoided conversion for an initial 25-year allocation period. At the end of the initial 25-year allocation period, or any subsequent crediting period, the Agency may award CO₂ offset allowances for a second 25-year allocation period, provided the offset sponsor has submitted a consistency application for the offset project pursuant to section 23-1005 prior to the expiration of the initial allocation period, and the Agency has issued a consistency determination pursuant to subdivision 23-1004(e)(2).~~

~~(e) — *Offset project audit.* Project sponsors shall provide the Agency or its agent access to the physical location of the offset project to inspect for compliance with this Subchapter. For offset projects located in any state or other U.S. jurisdiction~~

~~that is not a participating state, project sponsors shall also provide the cooperating regulatory agency with access to the physical location of the offset project to inspect for compliance with this Subchapter.~~

~~(f) — *Ineligibility due to noncompliance.*~~

~~(1) — If at any time the Agency determines that a project sponsor has not complied with the requirements of this Subchapter, then the Agency may revoke and retire any and all CO₂ offset allowances in the project sponsor's account.~~

~~(2) — If at any time the Agency determines that an offset project does not comply with the requirements of this Subchapter, then the Agency may revoke any approvals it has issued relative to an offset project.~~

23-1004 — Application process.

~~(a) — *Establishment of general account.* The sponsor of an offset project must establish a general account under subsection 23-602(b). All submissions to the Agency required for the award of CO₂ offset allowances under this Subchapter must be from the CO₂ authorized account representative for the general account of the sponsor of the relevant offset project, herein referred to as "project sponsor."~~

~~(b) — *Consistency application deadlines.*~~

~~(1) — For offset projects commenced not involving reforestation, improved forest management, or avoided conversion the consistency application must be submitted by the date that is 6 months after the offset project is commenced.~~

~~(2) — For offset projects involving reforestation, improved forest management, or avoided conversion the consistency application must be submitted by the date that is one year after the offset project is commenced, except for as described in subsection 23-1005(b)(9).~~

~~(3) — Any consistency application that fails to meet the deadlines of this subsection will result in the denial of the consistency application and the continued ineligibility of the subject offset project.~~

~~(c) — Consistency application contents:~~

~~(1) — For an offset project, the consistency application must include the following information:~~

~~(i) — The project's sponsor's name, address, e-mail address, telephone number, facsimile transmission number, and account number.~~

~~(ii) — A detailed description of the offset project as required by the relevant provisions in section 23-1005.~~

~~(iii) — A demonstration that the offset project meets all applicable requirements set forth in this Subchapter.~~

~~(iv) — A determination of the emissions baseline or carbon sequestration baseline as required by the relevant provisions of section 23-1005.~~

~~(v) — An explanation of how the projected reduction or avoidance of atmospheric loading of CO₂ or CO₂ equivalent or the sequestration of carbon is to be quantified, monitored, and verified as required by the relevant provisions of section 23-1005.~~

~~(vi) — A completed consistency application agreement that reads as follows:~~

~~"The undersigned project sponsor recognizes and accepts that the application for, and the receipt of, CO₂ offset allowances under the CO₂ Budget Trading Program is predicated on the project sponsor following all the requirements of Subchapter X of Vermont's CO₂~~

~~Budget Trading Program Regulations. The undersigned project sponsor holds the legal rights to the offset project or has been granted the right to act on behalf of a party that holds the legal rights to the offset project. I understand that eligibility for the award of CO₂ offset allowances under Subchapter X is contingent on meeting the requirements of Subchapter X. I authorize the Agency or its agent to audit this offset project for purposes of verifying that the offset project, including the monitoring and verification plan, has been implemented as described in this application. I understand that this right to audit shall include the right to enter the physical location of the offset project. I submit to the legal jurisdiction of the State of Vermont.”~~

~~(vii) — A statement and certification report signed by the offset project sponsor certifying that all offset projects for which the sponsor has received CO₂ offset allowances under this Subchapter (or similar provisions in the rules of other participating states), under the sponsor’s ownership or control (or under the ownership or control of any entity which controls, is controlled by, or has common control with the sponsor) are in compliance with all applicable requirements of the CO₂ Budget Trading Program in all participating states.~~

~~(viii) — A verification report and certification statement signed by an independent verifier accredited pursuant to section 23-1006 that expresses that the independent verifier has reviewed the entire application and evaluated the following in relation to the applicable requirements at sections 23-1003 and 23-1005, and any applicable guidance issued by the Agency.~~

~~(a) — The adequacy and validity of the offset project description information supplied by the project sponsor to demonstrate that the offset project meets the applicable eligibility requirements of sections 23-1003 and 23-1005.~~

~~(b) — The adequacy and validity of information supplied by the project sponsor to demonstrate baseline emissions pursuant to the applicable requirements at section 23-1005.~~

~~(c) — The adequacy of the monitoring and verification plan submitted pursuant to the applicable requirements at section 23-1005.~~

~~(d) — Such other evaluations and statements as may be required by the Agency.~~

~~(ix) — Disclosure of any voluntary or mandatory programs, other than the CO₂ Budget Trading Program, to which greenhouse gas emissions data related to the offset project has been, or will be reported.~~

~~(x) — For offset projects located in a state or United States jurisdiction that is not a participating state, a demonstration that the project sponsor has complied with all requirements of the cooperating regulatory agency in the state or United States jurisdiction where the offset project is located.~~

~~(2) — Consistency applications shall be submitted in a format approved by the Agency.~~

~~(d) — Consistency applications may not be submitted to the Agency if a consistency application has already been submitted for the same project, or any portion of the same project, in another participating state, unless the consistency application was rejected by another participating state solely because more of the CO₂ equivalent emissions reduction or carbon sequestration due to the offset project is projected to occur in Vermont than in any other participating state.~~

~~(e) — Agency action on consistency applications.~~

~~(1) — *Completeness determination.* Within 60 days following receipt of the consistency application filed pursuant to this section, the Agency will notify the~~

~~project sponsor whether the consistency application is complete. A complete consistency application is one that is in an approved form and is determined by the Agency to be complete for the purpose of commencing review of the consistency application. In no event shall a completeness determination prevent the Agency from requesting additional information in order to enable the Agency to make a consistency determination under subdivision (e)(2) of this section.~~

~~(2) — Consistency determination. Within 120 days of making the completeness determination under subdivision (e)(1) of this section, the Agency will issue a determination as to whether the offset project is consistent with the requirements of sections 23-1003, 23-1004, and 23-1005. For any offset project found to lack consistency with these requirements, the Agency will inform the project sponsor of the offset project's deficiencies.~~

~~23-1005 — CO₂ emissions offset project standards.~~

~~(a) — Landfill methane capture and destruction. To qualify for the award of CO₂ offset allowances under this Subchapter, offset projects that capture and destroy methane from landfills shall meet the requirements of this subsection and all other applicable requirements of this Subchapter.~~

~~(1) — Eligibility. Eligible offset projects shall occur at landfills that are not subject to the New Source Performance Standards (NSPS) for municipal solid waste landfills, 40 CFR Part 60, Subpart Cc and Subpart WWW.~~

~~(2) — Offset project description. The offset project sponsor shall provide a detailed narrative of the offset project actions to be taken, including documentation that the offset project meets the eligibility requirements of paragraph (1) of this subsection. The project narrative shall include the following information.~~

~~(i) — Owner and operator of the offset project;~~

~~(ii) — Location and specifications of the landfill where the offset project will occur, including waste in place;~~

~~(iii) — Owner and operator of the landfill where the offset project will occur; and~~

~~(iv) — Specifications of the equipment to be installed and a technical schematic of the offset project.~~

~~(3) — Emissions baseline determination. The emissions baseline shall represent the potential fugitive landfill emissions of CH₄ (in tons of CO₂e), as represented by the CH₄ collected and metered for thermal destruction as part of the offset project, and calculated in accordance with this paragraph.~~

$$\text{Emissions (tons CO}_2\text{e)} = (V \times M \times (1 - OX) \times GWP) / 2000$$

~~where:~~

~~V = volume of CH₄ collected (ft³);~~

~~M = Mass of CH₄ per cubic foot (0.04246 lbs/ft³ default value at 1 atmosphere, 20^oC);~~

~~OX = Oxidation factor (0.10), representing estimated portion of collected CH₄ that would have eventually oxidized to CO₂ if not collected; and~~

~~GWP = CO₂e global warming potential of CH₄ (28).~~

~~(4) — Calculating emissions reductions. Emissions reductions shall be determined based on potential fugitive CH₄ emissions that would have occurred at the landfill if metered CH₄ collected from the landfill for thermal destruction as part of the offset project was not collected and destroyed. CO₂e emissions reductions shall be calculated as follows:~~

$$\text{Emissions Reductions (tons CO}_2\text{e)} = (V \times M \times (1 - OX) \times C_{ef} \times GWP) / 2000$$

~~where:~~

~~V = Volume of CH₄ collected (ft³);~~

~~M = Mass of CH₄ per cubic foot (0.04246 lbs/ft³ default value at 1 atmosphere and 20^o C);~~

~~OX = Oxidation factor (0.10), representing estimated portion of collected CH₄ that would have eventually oxidized to CO₂ if not collected;~~

~~C_{ef} = Combustion efficiency of methane control technology (0.98); and GWP = CO₂e global warming potential of CH₄ (28).~~

~~(5) — *Monitoring and verification requirements.* Offset projects shall employ a landfill gas collection system that provides continuous metering and data computation of landfill gas volumetric flow rate and CH₄ concentration. Annual monitoring and verification reports shall include monthly volumetric flow rate and CH₄ concentration data, including documentation that the CH₄ was actually supplied to the combustion source. Monitoring and verification is also subject to the following requirements.~~

~~(i) — The project sponsor shall submit a monitoring and verification plan as part of the consistency application that includes a quality assurance and quality control program associated with equipment used to determine landfill gas volumetric flow rate and CH₄ composition. The monitoring and verification plan shall also include provisions for ensuring that measuring and monitoring equipment is maintained, operated, and calibrated based on manufacturer recommendations, as well as provisions for the retention of maintenance records for audit purposes. The monitoring and verification plan shall be certified by an independent verifier accredited pursuant to section 23-1006.~~

~~(ii) — The project sponsor shall annually verify landfill gas CH₄ composition through landfill gas sampling and independent laboratory~~

~~analysis using applicable U.S. Environmental Protection Agency laboratory test methods.~~

~~(b) — *Sequestration of carbon due to reforestation, improved forest management, or avoided conversion.* To qualify for the award of CO₂ offset allowances under this Subchapter, offset projects that involve reforestation, improved forest management, or avoided conversion shall meet all requirements of this subsection and the forest offset protocol, and all other applicable requirements of this Subchapter.~~

~~(1) — *Eligibility.* Eligible forest offset projects shall satisfy all eligibility requirements of the forest offset protocol and this subsection.~~

~~(2) — *Offset project description.* The offset project sponsor shall provide a detailed narrative of the offset project actions to be taken, including documentation that the offset project meets the eligibility requirements of paragraph (1) of this subdivision. The offset project description must include all information identified in sections 8.1 and 9.1 of the forest offset protocol, and any other information deemed necessary by the Agency.~~

~~(3) — *Carbon sequestration baseline determination.* Baseline onsite carbon stocks shall be determined as required by sections 6.1.1, 6.1.2, 6.2.1, 6.2.2, 6.2.3, 6.3.1, and 6.3.2 of the forest offset protocol, as applicable.~~

~~(4) — *Calculating carbon sequestered.* Net GHG reductions and GHG removal enhancements shall be calculated as required by section 6 of the forest offset protocol. The project's risk reversal rating shall be calculated using the forest offset protocol Determination of a Forest Project's Reversal Risk Rating assessment worksheet.~~

~~(5) — *Monitoring and verification requirements.* Monitoring and verification is subject to the following requirements.~~

~~(i) — Monitoring and verification reports shall include all forest offset project data reports submitted to the Agency, including any additional~~

~~data required by section 9.2.2 of the forest offset protocol.~~

~~(ii) — The consistency application shall include a monitoring and verification plan certified by an independent verifier accredited pursuant to section 23-1006. The monitoring and verification plan shall consist of a forest carbon inventory program, as required by section 8.1 of the forest offset protocol.~~

~~(iii) — Monitoring and verification reports shall be submitted not less than every six years, except that the first monitoring and verification report for reforestation projects must be submitted within twelve years of project commencement~~

~~(6) — *Forest Offset Project Data Reports.* A project sponsor shall submit a forest offset Project data report to the Agency for each reporting period. Each forest offset project data report must cover a single reporting period. Reporting periods must be contiguous; there must be no gaps in reporting once the first reporting period has commenced.~~

~~(7) — Prior to the award of CO₂ offset allowances pursuant to section 23-1007, or to any surrender of allowances pursuant to paragraph (8) of this subdivision, any quantity expressed in metric tons, or metric tons of CO₂ equivalent, shall be converted to tons using the conversion factor specified in subdivision 23-102(a)(59).~~

~~(8) — *Carbon sequestration permanence.* The offset project shall meet the following requirements to address reversals of sequestered carbon.~~

~~(i) — *Unintentional reversals.* Requirements for unintentional reversals are as follows:~~

~~(a) — The project sponsor must notify the Agency of the reversal and provide an explanation for the nature of the unintentional reversal within 30 calendar days of its discovery; and~~

~~(b) — The project sponsor must submit to the Agency a verified estimate of current carbon stocks within the offset project boundary within one year of the discovery of the unintentional reversal.~~

~~(ii) — *Intentional Reversals.* Requirements for intentional reversals are as follows:~~

~~(a) — If an intentional reversal occurs, the project sponsor shall, within 30 calendar days of the intentional reversal:~~

~~(1) — Provide notice, in writing, to the Agency of the intentional reversal; and~~

~~(2) — Provide a written description and explanation of the intentional reversal to the Agency.~~

~~(b) — Within one year of the occurrence of an intentional reversal, the project sponsor shall submit to the Agency a verified estimate of current carbon stocks within the offset project boundary.~~

~~(c) — If an intentional reversal occurs, and CO₂ offset allowances have been awarded to the offset project, the forest owner must surrender to the Agency or its agent for retirement a quantity of CO₂ allowances corresponding to the quantity of CO₂ equivalent tons reversed within six months of notification by the Agency.~~

~~(1) — Notification by the Agency will occur after the verified estimate of carbon stocks has been submitted to the Agency, or after one year has elapsed since the occurrence of the reversal if the project sponsor fails to submit the verified estimate of carbon stocks.~~

~~(2) — If the forest owner does not surrender valid CO₂~~

~~allowances to the Agency within six months of notification by the Agency, the forest owner will be subject to enforcement action and each CO₂ equivalent ton of carbon sequestration reversed will constitute a separate violation of this Part and applicable state law.~~

~~(d) — *Project Termination.* Requirements for project termination are as follows:~~

~~(1) — The project sponsor must surrender to the Agency or its agent for retirement a quantity of CO₂ Allowances in the amount calculated pursuant to project termination provisions in the forest offset protocol within six months of project termination.~~

~~(2) — If the project sponsor does not surrender to the Agency or its agent a quantity of CO₂ Allowances in the amount calculated pursuant to project termination provisions in the forest offset protocol within six months of project termination, they will be subject to enforcement action and each CO₂ offset allowance not surrendered will constitute a separate violation of this Part and applicable state law.~~

~~(iii) — *Disposition of Forest Sequestration Projects After a Reversal.* If a reversal lowers the forest offset project's actual standing live carbon stocks below its project baseline standing live carbon stocks, the forest offset project will be terminated by the Agency.~~

~~(9) — *Timing of forest offset projects.* The Agency may award CO₂ offset allowances under section 23-1007 only for forest offset projects that are initially commenced on or after January 1, 2014.~~

~~(10) — *Projects that Have Been Awarded Credits by a Voluntary Greenhouse*~~

~~*Gas Reduction Program.* The provisions of subdivisions 23-1003(c)(4) and 23-1004(b)(2) shall not apply to forest projects that have been awarded credits under a voluntary greenhouse gas reduction program provided that the following conditions are satisfied. For such projects, the number of CO₂ Offset Allowances will be calculated pursuant to the requirements of this subsection without regard to quantity of credits that were awarded to the project under the voluntary program.~~

~~(i) — The project satisfies all other general requirements of this Subchapter, including all specific requirements of this subsection for all reporting periods for which the project has been awarded credits under a voluntary greenhouse gas program and also intends to be awarded CO₂ offset allowances pursuant to section 23-1007.~~

~~(ii) — At the time of submittal of the consistency application for the project, the project submits forest offset data reports and a monitoring and verification report covering all reporting periods for which the project has been awarded credits under a voluntary greenhouse gas program and also intends to be awarded CO₂ offset allowances pursuant to section 23-1007. Forest offset data reports and monitoring and verification reports must meet all requirements of subparagraphs 23-1005(b)(5) and (6) of this subsection.~~

~~(iii) — The consistency application includes information sufficient to allow the Department to make the following determinations, and the voluntary greenhouse gas program has published information on its website to allow the Department to verify the information included in the consistency application.~~

~~(a) — The offset project has met all legal and contractual requirements to allow it to terminate its relationship with the voluntary greenhouse gas program, and such termination has been completed.~~

~~(b) — The project sponsor or voluntary greenhouse gas program has cancelled or retired all credits that were awarded for carbon sequestration that occurred during the time periods for which the project intends to be awarded CO₂ offset allowances pursuant to section 23-1007, and such credits were cancelled or required for the sole purpose of allowing the project to be awarded CO₂ offset allowances pursuant to section 23-1007.~~

~~(c) — *Avoided methane emissions from agricultural manure management operations.* To qualify for the award of CO₂ offset allowances under this Subchapter, offset projects that capture and destroy methane from animal manure and organic food waste using anaerobic digesters shall meet the requirements of this subsection and all other applicable requirements of this Subchapter.~~

~~(1) — *Eligibility.*~~

~~(i) — Eligible offset projects shall consist of the destruction of that portion of methane generated by an anaerobic digester that would have been generated in the absence of the offset project through the uncontrolled anaerobic storage of manure or organic food waste.~~

~~(ii) — Eligible offset projects shall employ only manure-based anaerobic digester systems using livestock manure as the majority of digester feedstock, defined as more than 50% of the mass input into the digester on an annual basis. Organic food waste used by an anaerobic digester shall only be that which would have been stored in anaerobic conditions in the absence of the offset project.~~

~~(iii) — The provisions of subdivisions 23-1003(c)(2) and (3) shall not apply to agricultural manure management offset projects provided either of the following requirements are met.~~

~~(a) — The offset project is located in a state that has a market~~

~~penetration rate for anaerobic digester projects of 5% or less. The market penetration determination shall utilize the most recent market data available at the time of submission of the consistency application pursuant to section 23-1004 and shall be determined as follows:~~

$$\text{MP (\%)} = \text{MGAD} / \text{MGSTATE}$$

~~where:~~

~~MGAD = Average annual manure generation for the number of dairy cows and swine serving all anaerobic digester projects in the applicable state at the time of submission of a consistency application pursuant to section 23-1004.~~

~~MGSTATE = average annual manure production of all dairy cows and swine in the state at the time of submission of a consistency application pursuant to section 23-1004.~~

~~(b) — The offset project is located at a farm with 4,000 or less head of dairy cows, or a farm with equivalent animal units, assuming an average live weight for dairy cows (lbs./cow) of 1,400 lbs., or, if the project is a regional type digester, total annual manure input to the digester is designed to be less than the average annual manure produced by a farm with 4,000 or less head of dairy cows, or a farm with equivalent animal units, assuming an average live weight for dairy cows (lbs./cow) of 1,400 lbs.~~

~~(2) — *Offset project description.* The offset project sponsor shall provide a detailed narrative of the offset project actions to be taken, including documentation that the offset project meets the eligibility requirements of paragraph (1) of this subdivision. The offset project narrative shall include the following information:~~

- ~~(i) — Owner and operator of the offset project;~~
- ~~(ii) — Location and specifications of the facility where the offset project will occur;~~
- ~~(iii) — Owner and operator of the facility where the offset project will occur;~~
- ~~(iv) — Specifications of the equipment to be installed and a technical schematic of the offset project; and~~
- ~~(v) — Location and specifications of the facilities from which anaerobic digester influent will be received, if different from the facility where the offset project will occur.~~

~~(3) — *Emissions baseline determination.* The emissions baseline shall represent the potential emissions of the CH₄ that would have been produced in a baseline scenario under uncontrolled anaerobic storage conditions and released directly to the atmosphere in the absence of the offset project.~~

- ~~(i) — Baseline CH₄ emissions shall be calculated as follows:~~

$$E_b = (V_m \times M) / 2000 \times GWP$$

~~where:~~

~~E_b = Potential CO₂e emissions due to calculated CH₄ production under site-specific anaerobic storage and weather conditions (tons);~~

~~V_m = Volume of CH₄ produced each month from decomposition of volatile solids in a baseline uncontrolled anaerobic storage scenario under site-specific storage and weather conditions for the facility at which the manure or organic food waste is generated (ft³);~~

~~M = Mass of CH₄ per cubic foot (0.04246 lb/ft³ default value at one-~~

atmosphere and 20°C); and

GWP = Global warming potential of CH₄ (28).

(ii) — The estimated amount of volatile solids decomposed each month under the uncontrolled anaerobic storage baseline scenario (kg) shall be calculated as follows:

$$VS_{dec} = VS_{avail} \times f$$

where:

VS = volatile solids as determined from the equation:

$$VS = M_m \times TS\% \times VS\%$$

where:

M_m = mass of manure or organic food waste produced per month (kg)

TS% = concentration (percent) of total solids in manure or organic food waste as determined through EPA 160.3 testing method (U.S.EPA Method Number 160.3, Methods for the Chemical Analysis of Water and Wastes (MCAWW) (EPA/600/4-79/020));

VS% = concentration (percent) of volatile solids in total solids as determined through EPA 160.4 testing method (U.S.EPA Method Number 160.4, Methods for the Chemical Analysis of Water and Wastes (MCAWW) (EPA/600/4-79/020)); and

VS_{avail} = volatile solids available for decomposition in manure or organic food waste storage each month as determined from the equation:

$$VS_{avail} = VS_p + \frac{1}{2} VS_{in} - VS_{out}$$

where:

VS_p = volatile solids present in manure or organic food waste storage at beginning of month (left over from previous month) (kg);

VS_{in} = volatile solids added to manure or organic food waste storage during the course of the month (kg). The factor of $\frac{1}{2}$ is multiplied by this number to represent the average mass of volatile solids available for decomposition for the entire duration of the month;

VS_{out} = volatile solids removed from the manure or organic food waste storage for land application or export (assumed value based on standard farm practice); and

f = van't Hoff-Arrhenius factor for the specific month as determined using the equation below. Using a base temperature of 30°C , the equation is as follows:

$$f = \exp\left\{\frac{E(T_2 - T_1)}{(GC \times T_1 \times T_2)}\right\}$$

where:

f = conversion efficiency of VS to CH_4 per month; E = activation energy constant (15,175 cal/mol);

T_2 = average monthly ambient temperature for facility where manure or organic food waste is generated (converted from $^{\circ}\text{C}$ Celsius to $^{\circ}\text{K}$ Kelvin) as determined from the nearest National Weather Service certified weather station (if reported temperature $^{\circ}\text{C} > 5^{\circ}\text{C}$; if reported temperature $^{\circ}\text{C} < 5^{\circ}\text{C}$, then $f = 0.104$);

$T_1 = 303.15$ (30°C converted to $^{\circ}\text{K}$); and

GC = ideal gas constant (1.987 cal/K mol)

~~(iii) — The volume of CH₄ produced (ft³) from decomposition of volatile solids shall be calculated as follows:~~

$$V_m = (VS_{dec} \times B_0) \times 35.3147$$

~~where:~~

$$V_m = \text{volume of CH}_4 \text{ (ft}^3\text{)}$$

$$VS_{dec} = \text{volatile solids decomposed (kg)}$$

~~B₀ = manure or organic food waste type specific maximum methane generation constant (m³ CH₄/kg VS degraded). For dairy cow manure, B₀ = 0.24 m³ CH₄/kg VS decomposed. The methane generation constant for other types of manure shall be those cited at U.S. EPA, Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2010, Annex 3, Table A-180 (U.S. EPA, February 2017), unless the project sponsor proposes an alternate methane generation constant and that alternate is approved by the Agency. If the project sponsor proposes to use a methane generation constant other than the ones found in the above-cited reference, the project sponsor must provide justification and documentation to the Agency.~~

~~(4) — Calculating emissions reductions. Emissions reductions shall be calculated as follows:~~

$$ER_t = E_b - E_p$$

~~where:~~

~~ER_t = CO₂e emissions reductions due to project activities (tons);~~

~~E_b = Potential CO₂e emissions due to calculated CH₄ production under site-specific anaerobic storage and weather conditions (tons);~~

~~E_p = CO₂e emissions due to project activities additional to baseline (tons), including, but not limited to, manure transportation, flaring, venting, and effluent management.~~

~~Emissions reductions may not exceed the potential emissions of the anaerobic digester, as represented by the annual volume of CH₄ produced by the anaerobic digester, as monitored pursuant to paragraph (5) of this subdivision. CO₂ emissions due to transportation of manure and organic food waste from the site where the manure and organic food waste was generated to the anaerobic digester shall be subtracted from the emissions reduction calculated pursuant to subparagraphs (3)(i) through (iii) of this subdivision. Transport CO₂ emissions shall be determined through one of the following methods:~~

~~(i) — Documentation of transport fuel use for all shipments of manure and organic food waste from off-site to the anaerobic digester during each reporting year and a log of transport miles for each shipment. Off-site is defined as a location that is not contiguous with the property where the anaerobic digester is located. CO₂ emissions shall be determined through the application of an emissions factor for the fuel type used. If this option is chosen, the following emissions factors shall be applied as appropriate.~~

~~(a) — Diesel fuel: 22.912 lbs. CO₂/gallon~~

~~(b) — Gasoline: 19.878 lbs. CO₂/gallon~~

~~(c) — Other fuel: submitted emissions factor approved by the Agency.~~

~~(ii) — Documentation of total tons of manure and organic food waste transported from off-site for input into the anaerobic digester during each reporting year, as monitored pursuant to subparagraph (5)(i) of this subdivision, and a log of transport miles and fuel type used for each shipment. CO₂ emissions shall be determined through the application of a ton-mile transport emission factor for the fuel type used. If this option~~

~~is chosen, the following emissions factors shall be applied as appropriate for each ton of manure delivered, and multiplied by the number of miles transported.~~

~~(a) — Diesel fuel: 0.131 lbs. CO₂ per ton-mile.~~

~~(b) — Gasoline: 0.133 lbs. CO₂ per ton-mile.~~

~~(c) — Other fuel: submitted emissions factor approved by the Agency.~~

~~(5) — *Monitoring and verification requirements.* Offset projects shall employ a system that provides metering of biogas volumetric flow rate and determination of CH₄ concentration. Annual monitoring and verification reports shall include monthly biogas volumetric flow rate and CH₄ concentration determination. Monitoring and verification shall also meet the following requirements.~~

~~(i) — If the offset project is a regional-type digester, manure and organic food waste from each distinct source supplying to the anaerobic digester shall be sampled monthly to determine the amount of volatile solids present. Any emissions reduction will be calculated according to mass of manure and organic food waste (kg) being digested and percentage of volatile solids present before digestion, consistent with the requirements at paragraph (3) and subparagraph (5)(iii) of this subdivision, and apportioned accordingly among sources. The project sponsor shall provide supporting material and receipts tracking the monthly receipt of manure and organic food waste (kg) used to supply the anaerobic digester from each supplier.~~

~~(ii) — If the offset project includes the digestion of organic food waste eligible pursuant to subparagraph (1)(ii) of this subdivision, organic food waste shall be sampled monthly to determine the amount of volatile solids present before digestion, consistent with the~~

~~requirements at paragraph (3) and subparagraph (5)(iii) of this subdivision, and apportioned accordingly.~~

~~(iii) The project sponsor shall submit a monitoring and verification plan as part of the consistency application that includes a quality assurance and quality control program associated with equipment used to determine biogas volumetric flow rate and CH₄ composition. The monitoring and verification plan shall be specified in accordance with the applicable monitoring requirements listed in Table 1 below. The monitoring and verification plan shall also include provisions for ensuring that measuring and monitoring equipment is maintained, operated, and calibrated based on manufacturer's recommendations, as well as provisions for the retention of maintenance records for audit purposes. The monitoring and verification plan shall be certified by an independent verifier accredited pursuant to section 23-1006.~~

Table 1: Input Monitoring Requirements

<u>Parameter</u>	<u>Measurement Unit</u>	<u>Frequency of Sampling</u>	<u>Sampling Method(s)</u>
Influent flow (mass) into the digester	Kilograms (kg) per month (wet mass)	Monthly total into the digester	a) Recorded mass b) Digester influent pump flow c) Livestock population and application of American Society of Agricultural and Biological Engineers (ASABE) standard (ASAE D384.2, March 2005)
Influent total solids concentration (TS)	Percent (of sample)	Monthly, depending upon recorded variations	U.S. EPA Method Number 160.3, Methods for the Chemical Analysis of Water and Wastes (MCAWW) (EPA/600/4-79/020)
Influent volatile solids (VS) concentration	Percent (of TS)	Monthly, depending upon recorded variations	USEPA Method Number 160.4, Methods for the Chemical Analysis of Water and Wastes (MCAWW) (EPA/600/4-79/020)
Average monthly ambient temperature	Temperature °C	Monthly (based on farm averages)	Closest National Weather Service-certified weather station
Volume of biogas produced by digester	Standard cubic feet (scf)	Continuous, totalized monthly	Flow meter
Methane composition of biogas produced by digester	Percent (of sample)	Quarterly	Bag sampling and third-party laboratory analysis using applicable U.S. EPA test methods

23-1006 — Accreditation of independent verifiers.

~~(a) — *Standards for accreditation.* Independent verifiers may be accredited by the Agency to provide verification services as required of project sponsors under this Subchapter, provided that independent verifiers meet all of the requirements of this section.~~

~~(1) — *Verifier minimum requirements.* Each accredited independent verifier shall demonstrate knowledge of the following topics:~~

- ~~(i) — utilizing engineering principles;~~
- ~~(ii) — quantifying greenhouse gas emissions;~~
- ~~(iii) — developing and evaluating air emissions inventories;~~
- ~~(iv) — auditing and accounting principles;~~
- ~~(v) — knowledge of information management systems;~~
- ~~(vi) — knowledge of the requirements of this Subchapter and other applicable requirements of this Chapter; and~~
- ~~(vii) — such other qualifications as may be required by the Agency to provide competent verification services as required for individual offset categories specified at section 23-1005.~~

~~(2) — *Organizational qualifications.* Accredited independent verifiers shall demonstrate that they meet the following requirements:~~

- ~~(i) — verifiers shall have no direct or indirect financial relationship, beyond a contract for provision of verification services, with any offset project developer or project sponsor;~~
- ~~(ii) — verifiers shall employ staff with professional licenses, knowledge, and experience appropriate to the specific category(ies) of offset projects at section 23-1005 that they seek to verify;~~
- ~~(iii) — verifiers shall hold a minimum of one million U.S. dollars of professional liability insurance. If the insurance is in the name of a~~

~~related entity, the verifier shall disclose the financial relationship between the verifier and the related entity, and provide documentation supporting the description of the relationship; and~~

~~(iv) — verifiers shall demonstrate that they have implemented an adequate management protocol to identify potential conflicts of interest with regard to an offset project, offset project developer, or project sponsor, or any other party with a direct or indirect financial interest in an offset project that is seeking or has been granted approval of a consistency application pursuant to subsection 23-1004(e), and remedy any such conflicts of interest prior to providing verification services.~~

~~(3) — *Pre-qualification of verifiers.* The Agency may require prospective verifiers to successfully complete a training course, workshop, or test developed by the Agency or its agent, prior to submitting an application for accreditation.~~

~~(b) — *Application for accreditation.* An application for accreditation shall not contain any proprietary information, and shall include the following:~~

~~(1) — the applicant's name, address, e-mail address, telephone number, and facsimile transmission number;~~

~~(2) — documentation that the applicant has at least two years of experience in each of the knowledge areas specified at subdivisions (a)(1)(i) through (v) of this section, and as may be required pursuant to subdivision (a)(1)(vii) of this section;~~

~~(3) — documentation that the applicant has successfully completed the requirements at subdivision (a)(3) of this section, as applicable;~~

~~(4) — a sample of at least one work product that provides supporting evidence that the applicant meets the requirements at subdivisions (a)(1) and (2) of this section. The work product shall have been produced, in whole or part, by the applicant and shall consist of a final report or other material~~

~~provided to a client under contract in previous work. For a work product that was jointly produced by the applicant and another entity, the role of the applicant in the work product shall be clearly explained;~~

~~(5) — documentation that the applicant holds professional liability insurance as required pursuant to subdivision (a)(2)(iii) of this section.~~

~~(6) — documentation that the applicant has implemented an adequate management protocol to address and remedy any conflict of interest issues that may arise, as required pursuant to subdivision (a)(2)(iv) of this section.~~

~~(c) — *Agency action on applications for accreditation.* The Agency shall approve or deny a complete application for accreditation within 45 days after submission. Upon approval of an application for accreditation, the independent verifier shall be accredited for a period of three years from the date of application approval.~~

~~(d) — *Reciprocity.* Independent verifiers accredited in other participating states may be deemed to be accredited in the State of Vermont, at the discretion of the Agency.~~

~~(e) — *Conduct of accredited verifiers.*~~

~~(1) — Prior to engaging in verification services for an offset project sponsor, the accredited verifier shall disclose all relevant information to the Agency to allow for an evaluation of potential conflict of interest with respect to an offset project, offset project developer, or project sponsor. The accredited verifier shall disclose information concerning its ownership, past and current clients, related entities, as well as any other facts or circumstances that have the potential to create a conflict of interest.~~

~~(2) — Accredited verifiers shall have an ongoing obligation to disclose to the Agency any facts or circumstances that may give rise to a conflict of interest with respect to an offset project, offset project developer, or project sponsor.~~

~~(3) — The Agency may reject a verification report and certification statement from an accredited verifier, submitted as part of a consistency application required pursuant to subsection 23-1004(b) or submitted as part of a~~

~~monitoring and verification report submitted pursuant to subsection 23-1007(b), if the Agency determines that the accredited verifier has a conflict of interest related to the offset project, offset project developer, or project sponsor.~~

~~(4) — The Agency may revoke the accreditation of a verifier at any time given cause, for the following:~~

~~(i) — failure to fully disclose any issues that may lead to a conflict of interest situation with respect to an offset project, offset project developer, or project sponsor;~~

~~(ii) — the verifier is no longer qualified due to changes in staffing or other criteria;~~

~~(iii) — negligence or neglect of responsibilities pursuant to the requirements of this Subchapter; and~~

~~(iv) — intentional misrepresentation of data or other intentional fraud.~~

~~23-1007 — Award and recordation of CO₂ offset allowances.~~

~~(a) — Quantities of CO₂ offset allowances awarded, and subsequently recorded.~~

~~(1) — Award of CO₂ offset allowances. Following the issuance of a consistency determination under subdivision 23-1004(e)(2) and the approval of a monitoring and verification report under the provisions of subsection (e) of this section, the Agency will award one CO₂ offset allowance for each ton of demonstrated reduction in CO₂ or CO₂-equivalent emissions or sequestration of CO₂.~~

~~(2) — Recordation of CO₂ offset allowances. After CO₂ offset allowances are awarded under subdivision 23-1007(a)(1), the Agency shall record such CO₂ offset allowances in the project sponsor's general account.~~

~~(b) — Deadlines for submittal of monitoring and verification reports.~~

~~(1) — For CO₂ emissions offset projects undertaken prior to January 1, 2009, the project sponsor must submit the monitoring and verification report covering the pre-2009 period by June 30, 2009.~~

~~(2) — For CO₂ emissions offset projects undertaken on or after January 1, 2009, the monitoring and verification report must be submitted within 6 months following the completion of the last calendar year during which the offset project achieved CO₂ equivalent reductions or sequestration of CO₂ for which the project sponsor seeks the award of CO₂ offset allowances.~~

~~(c) — *Contents of monitoring and verification reports.* For an offset project, the monitoring and verification report must be in a format approved by the Agency and include the following information:~~

~~(1) — The project's sponsor's name, address, e-mail address, telephone number, facsimile transmission number, and account number.~~

~~(2) — The CO₂ emissions reduction or CO₂ sequestration determination as required by the relevant provisions of section 23-1005, including a demonstration that the project sponsor complied with the required quantification, monitoring, and verification procedures under section 23-1005, as well as those outlined in the consistency application approved pursuant to subdivision 23-1004(e)(2).~~

~~(3) — A signed statement that reads~~

~~“The undersigned project sponsor hereby confirms and attests that the offset project upon which this monitoring and verification report is based is in full compliance with all of the requirements of Subchapter X of Vermont's CO₂ Budget Trading Program Regulations. The project sponsor holds the legal rights to the offset project or has been granted the right to act on behalf of a party that holds the legal rights to the offset project. I understand that eligibility for the award of CO₂ offset allowances under Subchapter X is contingent on~~

~~meeting the requirements of Subchapter X. I authorize the Agency or its agent to audit this offset project for purposes of verifying that the offset project, including the monitoring and verification plan, has been implemented as described in the consistency application that was the subject of a consistency determination by the Agency. I understand that this right to audit shall include the right to enter the physical location of the offset project. I submit to the legal jurisdiction of the State of Vermont."~~

~~(4) — A certification signed by the offset project sponsor certifying that all offset projects for which the sponsor has received offset allowances under this Subchapter (or similar provisions in the rules of other participating states), under the sponsor's ownership or control (or under the ownership or control of any entity which controls, is controlled by, or has common control with the sponsor) are in compliance with all applicable requirements of the CO₂ Budget Trading Program in all participating states.~~

~~(5) — A verification report and certification statement signed by an independent verifier accredited pursuant to section 23-1006 that documents that the independent verifier has reviewed the monitoring and verification report and evaluated the following in relation to the applicable requirements at section 23-1005, and any applicable guidance issued by the Agency:~~

~~(i) — The adequacy and validity of information supplied by the project sponsor to determine CO₂ emissions reductions or CO₂ sequestration pursuant to the applicable requirements in section 23-1005.~~

~~(ii) — The adequacy and consistency of methods used to quantify, monitor, and verify CO₂ emissions reductions and CO₂ sequestration in accordance with the applicable requirements in section 23-1005 and as outlined in the consistency application approved pursuant to subdivision 23-1004(e)(2).~~

~~(iii) — Such other evaluations and verification reviews as may be~~

~~required by the Agency. The adequacy and validity of information supplied by the project sponsor to demonstrate that the offset project meets the applicable eligibility requirements of section 23-1005.~~

~~(6) — Disclosure of any voluntary or mandatory programs, other than the CO₂ Budget Trading Program, to which greenhouse gas emissions data related to the offset project has been or will be reported.~~

~~(7) — For offset projects located in a state or United States jurisdiction that is not a participating state, a demonstration that the project sponsor has complied with all requirements of the cooperating regulatory agency in the state or United States jurisdiction where the offset project is located.~~

~~(d) — *Prohibition against filing monitoring and verification reports in more than one participating state.* Monitoring and verification reports may only be filed under section 23-1007 for projects that have received consistency determinations under section 23-1004(e)(2). Monitoring and verification reports may not be filed under section 23-1007 for projects that have received consistency determinations in other participating states.~~

~~(e)(a) *Agency action on monitoring and verification reports.* The Agency will approve or deny a complete monitoring and verification report within 90 days following receipt of a complete report. A complete monitoring and verification report is one that is in a format approved by the Agency and is determined by the Agency to be complete for the purpose of commencing review of the monitoring and verification report. In no event shall a completeness determination prevent the Agency from requesting additional information in order to enable the Agency to approve or deny a monitoring and verification report filed under this section.~~

Vermont CO₂ Budget Trading Program

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Subchapter I. CO₂ Budget Trading Program General Provisions

23-101 Purpose.

This Chapter establishes the State of Vermont's component of the CO₂ Budget Trading Program, which is designed to reduce anthropogenic emissions of CO₂, a greenhouse gas, from CO₂ budget sources in an economically efficient manner.

23-102 Definitions.

- (a) The terms defined in this section shall apply to this Chapter only, and for the purposes of this Chapter shall supersede definitions contained in any other statutes or regulations.
- (1) *Account number.* The identification number given by the Agency or its agent to each CO₂ Allowance Tracking System (COATS) account.
 - (2) *Acid rain emissions limitation.* As defined in 40 CFR 72.2, a limitation on emissions of sulfur dioxide or nitrogen oxides under the Acid Rain Program under title IV of the Clean Air Act.
 - (3) *Administrator.* Administrator means the Administrator of the United States Environmental Protection Agency or the Administrator's authorized representative.
 - (4) *Agency.* Agency means the Vermont Agency of Natural Resources.
 - (5) *Allocate or allocation.* The determination by the Agency of the number of CO₂ allowances to be recorded in the consumer benefit or strategic energy purpose account.
 - (6) *Allocation year.* A calendar year for which the Agency allocates CO₂ allowances pursuant to Subchapter V. The allocation year of each CO₂ allowance is reflected in the unique identification number given to the allowance pursuant to subsection 23-604(b).
 - (7) *Allowance auction or auction.* An auction in which the Vermont Public

Utility Commission or its agent offers CO₂ allowances for sale.

(8) *Attribute*. 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.

(9) *Attribute credit*. An attribute credit represents the attributes related to one megawatt-hour of electricity generation.

(10) *Automated data acquisition and handling system or DAHS*. That component of the continuous emissions monitoring system, or other emissions monitoring system approved for use under Subchapter VIII, designed to interpret and convert individual output signals from pollutant concentration monitors, flow monitors, diluent gas monitors, and other component parts of the monitoring system to produce a continuous record of the measured parameters in the measurement units required by Subchapter VIII.

(11) *Billing meter*. A measurement device used to measure electric or thermal output for commercial billing under a contract. The owners of the facility selling the electric or thermal output must be different from the owners of the party purchasing the electric or thermal output.

(12) *Boiler*. An enclosed fossil or other fuel-fired combustion device used to produce heat and to transfer heat to recirculating water, steam, or other medium.

(13) *CO₂ allowance*. A limited authorization by the Agency or a participating state under the CO₂ Budget Trading Program to emit up to one ton of CO₂, subject to all applicable limitations contained in this Chapter.

(14) *CO₂ allowance deduction or deduct CO₂ allowances*. The permanent withdrawal of CO₂ allowances by the Agency or its agent from a CO₂

Allowance Tracking System (COATS) compliance account to account for the number of tons of CO₂ emitted from a CO₂ budget source for a control period or an interim control period, determined in accordance with Subchapter VIII, or for the forfeit or retirement of CO₂ allowances as provided by this Chapter.

(15) *CO₂ allowances held.* The CO₂ allowances recorded by the Agency or its agent, or submitted to the Agency or its agent for recordation, in accordance with Subchapters VI and VII, in a CO₂ Allowance Tracking System (COATS) account.

(16) *CO₂ Allowance Tracking System (COATS).* The system by which the Agency or its agent records allocations, deductions, and transfers of CO₂ allowances under the CO₂ Budget Trading Program. The tracking system may also be used to track CO₂ allowance prices and emissions from affected sources.

(17) *CO₂ Allowance Tracking System (COATS) account.* An account in the CO₂ Allowance Tracking System (COATS) established by the Agency or its agent for purposes of recording the allocation, holding, transferring, or deducting of CO₂ allowances.

(18) *CO₂ allowance transfer deadline.* The deadline by which CO₂ allowances must be submitted for recordation in a CO₂ budget source's compliance account in order for the source to meet the requirements of 23-105(c) for a control period or interim control period. Deadlines are at midnight of the March 1 occurring after the end of the relevant control period or interim control period. If the relevant March 1 is not a business day, the deadline is midnight of the first business day thereafter.

(19) *CO₂ authorized account representative.* 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 Subchapter II, 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 Subchapter VI, to transfer or otherwise dispose of CO₂ allowances held in the general account.

(20) *CO₂ budget emissions limitation.* For a CO₂ budget source, the tonnage equivalent, in CO₂ emissions in a control period or an interim control period, of the CO₂ allowances available for compliance deduction for the source for a control period or twice the CO₂ allowances available for an interim control period.

(21) *CO₂ budget permit.* The portion of the legally binding permit issued by the Agency pursuant to the State of Vermont's Air Pollution Control Regulations to a CO₂ budget source or CO₂ budget unit which specifies the CO₂ Budget Trading Program requirements applicable to the CO₂ budget source, or CO₂ budget unit, and to the owners and operators and the CO₂ authorized account representative of the CO₂ budget source or CO₂ budget unit.

(22) *CO₂ budget source.* A source that includes one or more CO₂ budget units.

(23) *CO₂ Budget Trading Program.* A multi-state CO₂ air pollution control and emissions reduction program established pursuant to this Chapter and corresponding regulations in other participating states as a means of reducing emissions of CO₂ from CO₂ budget sources.

(24) *CO₂ budget unit.* A unit that is subject to the CO₂ Budget Trading Program requirements under section 23-104.

(25) *CO₂ cost containment reserve tier 1 allowance or CO₂ CCR tier 1 allowance.* A CO₂ allowance that is offered for sale at an auction by the Vermont Public Utility Commission for the purpose of containing the cost of CO₂ allowances. CO₂ CCR tier 1 allowances offered for sale at an auction

are separate from and additional to CO₂ allowances allocated from the State of Vermont Budget Trading Program budgets. CO₂ CCR tier 1 allowances are subject to all applicable limitations contained in this Chapter.

(26) *CO₂ cost containment reserve tier 2 allowance or CO₂ CCR tier 2 allowance.* A CO₂ allowance that is offered for sale at an auction by the Vermont Public Utility Commission for the purpose of containing the cost of CO₂ allowances. CO₂ CCR tier 2 allowances offered for sale at an auction are separate from and additional to CO₂ allowances allocated from the State of Vermont CO₂ Budget Trading Program budgets. CO₂ CCR tier 2 allowances are subject to all applicable limitations contained in this Chapter.

(27) *CO₂ emissions offset project.* A historical project that allowed the Agency to determine how many CO₂ Offset Allowances to record in a sponsor's general account related specific emission reductions outside of the electricity sector. CO₂ offset allowances recorded before January 1, 2027, are eligible to meet the compliance deduction as limited under section 23-605(a)(3).

(28) *CO₂ offset allowance.* A CO₂ allowance that is determined by the Agency to have been recorded, by a participating state prior to January 1, 2027, in the general account of the sponsor of a CO₂ emissions offset project and is subject to the relevant compliance deduction limitations of section 23-605(a)(3).

(29) *Combined cycle system.* A system comprised of one or more combustion turbines, heat recovery steam generators, and steam turbines configured to improve overall efficiency of electricity generation or steam production.

(30) *Combustion turbine.* An enclosed fossil or other fuel-fired device that is comprised of a compressor (if applicable), a combustor, and a turbine, in which the flue gas resulting from the combustion of fuel in the combustor passes through the turbine, rotating the turbine.

(31) *Commence commercial operation.* With regard to a unit that serves a generator, to begin to produce steam, gas, or other heated medium used to generate electricity for sale or use, including test generation. For a unit that is a CO₂ budget unit under section 23-104 on the date the unit commences commercial operation, such date shall remain the unit's date of commencement of commercial operation even if the unit is subsequently modified, reconstructed, or repowered. For a unit that is not a CO₂ budget unit under section 23-104 on the date the unit commences commercial operation, the date the unit becomes a CO₂ budget unit under section 23-104 shall be the unit's date of commencement of commercial operation.

(32) *Commence operation.* To begin any mechanical, chemical, or electronic process, including, with regard to a unit, start-up of a unit's combustion chamber. For a unit that is a CO₂ budget unit under section 23-104 on the date of commencement of operation, such date shall remain the unit's date of commencement of operation even if the unit is subsequently modified, reconstructed, or repowered. For a unit that is not a CO₂ budget unit under section 23-104 on the date of commencement of operation, the date the unit becomes a CO₂ budget unit under section 23-104 shall be the unit's date of commencement of operation.

(33) *Compliance account.* A CO₂ Allowance Tracking System (COATS) account, established by the Agency or its agent for a CO₂ budget source under Subchapter VI, in which are held CO₂ allowances available for use by the source for a control period or interim control period for the purpose of meeting the CO₂ requirements of 23-105(c).

(34) *Consumer benefit or strategic energy purpose account.* A general account managed by one or more consumer trustees appointed by the Public Utility Commission to receive, hold, bank, and sell CO₂ allowances in order to provide the maximum long-term benefit to Vermont electric consumers, particularly benefits that will result from accelerated and sustained investments in energy efficiency and other low-cost, low-carbon power system investments and, to the extent feasible, accomplish the goals set forth in 30 V.S.A. § 255(c)(2).

(35) *Continuous emissions monitoring system or CEMS.* The equipment required under Subchapter VIII to sample, analyze, measure, and provide, by means of readings recorded at least once every 15 minutes (using an automated DAHS), a permanent record of stack gas volumetric flow rate, stack gas moisture content, and oxygen or carbon dioxide concentration (as applicable), in a manner consistent with 40 CFR Part 75 and Subchapter VIII of this regulation.

(36) *Control period.* The control period is a three-calendar-year time period. The first control period is from January 1, 2009 through December 31, 2011 inclusive. Each subsequent three-calendar-year period is a separate control period. The first two calendar years of each control period are each defined as an interim control period, beginning on January 1, 2015.

(37) *Excess emissions.* Any tonnage of CO₂ emitted by a CO₂ budget source during a control period that exceeds the CO₂ budget emissions limitation for the source.

(38) *Excess interim emissions.* Any tonnage of CO₂ emitted by a CO₂ budget source during an interim control period that when multiplied by 0.50 exceeds the CO₂ budget emissions limitation for the source.

(39) *Fossil fuel.* Natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from such material.

(40) *Fossil fuel-fired.*

(1) With regard to a unit that commenced operation prior to January 1, 2005, the combustion of fossil fuel, alone or in combination with any other fuel, where the fossil fuel combusted comprises, or is projected to comprise, more than 50 percent of the annual heat input on a Btu basis during any year.

(2) With regard to a unit that commenced or commences operation on or after January 1, 2005, the combustion of fossil fuel, alone or in combination with any other fuel, where the fossil fuel combusted comprises, or is projected to comprise, more than 5 percent of the annual heat input on a Btu basis during any year.

(41) *General account.* A CO₂ Allowance Tracking System (COATS) account, established under Subchapter VI, that is not a compliance account.

(42) *Gross generation.* The electrical output (in MWe) at the terminals of the generator.

(43) *Interim control period.* An interim control period is a one-calendar-year time period, during each of the first and second calendar years of each three year control period. The first interim control period starts on January 1, 2015 and ends on December 31, 2015, inclusive. The second interim control period starts on January 1, 2016 and ends on December 31, 2016, inclusive. Each successive three year control period will have two interim control periods, comprised of each of the first two calendar years of that control period.

(44) *Life-of-the-unit contractual arrangement.* A unit participation power sales agreement under which a customer reserves, or is entitled to receive, a specified amount or percentage of nameplate capacity

and/or associated energy from any specified unit pursuant to a contract:

- (i) for the life of the unit;
- (ii) for a cumulative term of no less than 30 years, including contracts that permit an election for early termination; or
- (iii) for a period equal to or greater than 25 years or 70 percent of the economic useful life of the unit determined as of the time the unit is built, with option rights to purchase or release some portion of the nameplate capacity and associated energy generated by the unit at the end of the period.

(45) *Maximum potential hourly heat input.* An hourly heat input used for reporting purposes when a unit lacks certified monitors to report heat input. If the unit intends to use appendix D of 40 CFR Part 75 to report heat input, this value should be calculated, in accordance with 40 CFR Part 75, using the maximum fuel flow rate and the maximum gross calorific value. If the unit intends to use a flow monitor and a diluent gas monitor, this value should be reported, in accordance with 40 CFR Part 75, using the maximum potential flowrate and either the maximum carbon dioxide concentration (in percent CO₂) or the minimum oxygen concentration (in percent O₂).

(46) *Monitoring system.* Any monitoring system that meets the requirements of Subchapter VIII, including a continuous emissions monitoring system, an excepted monitoring system, or an alternative monitoring system.

(47) *Nameplate capacity.* The maximum electrical output (in MWe) that a generator can sustain over a specified period of time when not restricted by seasonal or other deratings as measured in accordance with the United States Department of Energy standards.

(48) *Net electric output.* The amount of gross generation that generator(s)

produce (including, but not limited to, output from steam turbine(s), combustion turbine(s), and gas expander(s)), as measured at the generator terminals, less the electricity used to operate the plant (i.e. auxiliary loads); such uses include fuel handling equipment, pumps, fans, pollution control equipment, other electricity needs, and transformers losses as measured at the transmission side of the step-up transformer (e.g., the point of sale).

(49) *Non-CO₂ budget unit.* A unit that does not meet the applicability criteria of section 23-104.

(50) *Operator.* Any person who operates, controls, or supervises a CO₂ budget unit or a CO₂ budget source including, but not be limited to, any holding company, utility system, or plant manager of such a unit or source.

(51) *Owner.* Any of the following persons:

(i) any holder of any portion of the legal or equitable title in a CO₂ budget unit; or

(ii) any holder of a leasehold interest in a CO₂ budget unit, other than a passive lessor, or a person who has an equitable interest through such lessor, whose rental payments are not based, either directly or indirectly, upon the revenues or income from the CO₂ budget unit; or

(iii) any purchaser of power from a CO₂ budget unit under a life-of-the-unit contractual arrangement in which the purchaser controls the dispatch of the unit; or

(iv) with respect to any general account, any person who has an ownership interest with respect to the CO₂ allowances held in the general account and who is subject to the binding agreement for the CO₂ authorized account representative to represent that person's ownership interest with respect to the CO₂ allowances.

(52) *Participating state.* A state that has established a corresponding regulation as part of the CO₂ Budget Trading Program.

(53) *Receive or receipt of.* When referring to the Agency or its agent, to come into possession of a document, information, or correspondence (whether sent in writing or by authorized electronic transmission), as indicated in an official correspondence log, or by a notation made on the document, information, or correspondence, by the Agency or its agent in the regular course of business.

(54) *Recordation, record, or recorded.* With regard to CO₂ allowances, the movement of CO₂ allowances by the Agency or its agent from one CO₂ Allowance Tracking System (COATS) account to another for purposes of allocation, transfer or deduction.

(55) *Serial number.* When referring to CO₂ allowances, the unique identification number assigned to each CO₂ allowance by the Agency or its agent under section 23-604(b).

(56) *Source.* Any governmental, institutional, commercial, or industrial structure, installation, plant, building, or facility that emits or has the potential to emit any air pollutant. A “source,” including a “source” with multiple units, shall be considered a single “facility.”

(57) *State.* A State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa and includes the Commonwealth of the Northern Mariana Islands.

(58) *State of Vermont CO₂ Budget Trading Program Base Budget.* The State of Vermont CO₂ Budget Trading Program base budget is specified in section 23-501. CO₂ CCR tier 1 and CO₂ CCR tier 2 allowances offered for sale at an auction are separate from and additional to CO₂ allowances allocated from the State of Vermont CO₂ Budget Trading Program Base

Budget.

(59) *Submit or serve.* To send or transmit a document, information, or correspondence to the person specified in accordance with the applicable regulation:

- (i) in person;
- (ii) by United States Postal Service; or
- (iii) by other means of dispatch or transmission and delivery.

Compliance with any “submission,” “service,” or “mailing” deadline shall be determined by the date of dispatch, transmission, or mailing and not the date of receipt.

(60) *Ton or tonnage.* Any “short ton”, or 2,000 pounds. For the purpose of determining compliance with the CO₂ requirements of 23-105(c), total tons for a control period and each interim control period shall be calculated as the sum of all recorded hourly emissions (or the tonnage equivalent of the recorded hourly emissions rates) in accordance with Subchapter VIII, with any remaining fraction of a ton equal to or greater than 0.50 ton deemed to equal one ton and any fraction of a ton less than 0.50 ton deemed to equal zero tons. A short ton is equal to 0.9072 metric tons.

(61) *Unit.* A fossil fuel-fired stationary boiler, combustion turbine, or combined cycle system.

(62) *Unit operating day.* A calendar day in which a unit combusts any fuel.

23-103 Measurements, abbreviations and acronyms.

Measurements, abbreviations, and acronyms used in this Chapter are defined as follows:

CO₂: carbon dioxide

Hr: hour

Lb: pounds

MW: megawatt

MWe-megawatt electrical

MWh: megawatt-hour

23-104 Applicability.

Units. Any unit that, at any time on or after January 1, 2005, serves an electricity generator with a nameplate capacity equal to or greater than 25 MWe shall be a CO₂ budget unit, and any source that includes one or more such units shall be a CO₂ budget source, subject to the requirements of this Chapter.

23-105 Standard requirements.

(a) *Permit requirements.*

(1) The CO₂ authorized account representative of each CO₂ budget source required to have an operating permit pursuant to the State of Vermont's Air Pollution Control Regulations and each CO₂ budget unit required to have an operating permit pursuant to the State of Vermont's Air Pollution Control Regulations shall:

(i) submit to the Agency a complete CO₂ budget permit application under section 23-303 in accordance with the deadlines specified in section 23-302; and

(ii) submit in a timely manner any supplemental information that the

Agency determines is necessary in order to review the CO₂ budget permit application and issue or deny a CO₂ budget permit.

(2) The owners and operators of each CO₂ budget source required to have an operating permit pursuant to the State of Vermont's Air Pollution Control Regulations and each CO₂ budget unit required to have an operating permit pursuant to the State of Vermont's Air Pollution Control Regulations for the source shall have a CO₂ budget permit and operate the CO₂ budget source and the CO₂ budget unit at the source in compliance with such CO₂ budget permit.

(b) *Monitoring requirements.*

(1) The owners and operators and, to the extent applicable, the CO₂ authorized account representative of each CO₂ budget source and each CO₂ budget unit at the source shall comply with the monitoring requirements of Subchapter VIII.

(2) The emissions measurements recorded and reported in accordance with Subchapter VIII shall be used to determine compliance by the unit with the CO₂ requirements of subsection 23-105(c).

(c) *CO₂ requirements.*

(1) The owners and operators of each CO₂ budget source and each CO₂ budget unit at the source shall hold CO₂ allowances available for compliance deductions under section 23-605, as of the CO₂ allowance transfer deadline, in the source's compliance account in an amount not less than the total number of tons of CO₂ emissions for the control period from all CO₂ budget units at the source, less the CO₂ allowances deducted to meet the requirements of subdivision 23-105(c)(2), with respect to the previous two interim control periods, as determined in accordance with Subchapters VI and VIII.

(2) The owners and operators of each CO₂ budget source and each CO₂

budget unit at the source shall hold CO₂ allowances available for compliance deductions under section 23-605, as of the CO₂ allowance transfer deadline, in the source's compliance account in an amount not less than 0.50 times the total number of tons of CO₂ emissions for the interim control period from all CO₂ budget units at the source, as determined in accordance with Subchapters VI and VIII.

(3) Each ton of CO₂ emitted in excess of the CO₂ budget emissions limitation for a control period shall constitute a separate violation of this Chapter and applicable state law.

(4) Each ton of excess interim emissions shall constitute a separate violation of this Part and applicable state law.

(5) A CO₂ budget unit shall be subject to the requirements under subdivision (c)(1) of this section starting on the later, of January 1, 2009 or the date on which the unit commences operation.

(6) CO₂ allowances shall be held in, deducted from, or transferred among CO₂ Allowance Tracking System (COATS) accounts in accordance with Subchapters V, VI, and VII.

(7) A CO₂ allowance shall not be deducted, in order to comply with the requirements under subdivision (c)(1) or (2) of this section, for a control period or interim control period that ends prior to the year for which the CO₂ allowance was allocated. A CO₂ offset allowance shall not be deducted, in order to comply with the requirements under subdivision (c)(1) or (2) of this section, beyond the applicable percent limitations set out in subdivision 23-605(a)(3).

(8) A CO₂ allowance under the CO₂ Budget Trading Program is a limited authorization by the Agency or a participating state to emit one ton of CO₂ in accordance with the CO₂ Budget Trading Program. No provision of the CO₂ Budget Trading Program, the CO₂ budget permit application, or the CO₂

budget permit or any provision of law shall be construed to limit the authority of the Agency or a participating state to terminate or limit such authorization.

(9) A CO₂ allowance under the CO₂ Budget Trading Program does not constitute a property right.

(d) *Excess emissions requirements.* The owners and operators of a CO₂ budget source that has excess emissions in any control period, or excess interim emissions for any interim control period, shall:

(1) forfeit the CO₂ allowances required for deduction under subdivision 23-605(d)(1), provided CO₂ offset allowances may not be used to cover any part of such excess emissions; and

(2) pay any fine, penalty, or assessment or comply with any other remedy imposed under subdivision 23-605(d)(2).

(e) *Recordkeeping and reporting requirements.*

(1) Unless otherwise provided, the owners and operators of the CO₂ budget source and each CO₂ budget unit at the source shall keep on site at the source each of the following documents for a period of 10 years from the date the document is created. This period may be extended for cause, at any time prior to the end of 10 years, in writing by the Agency.

(i) The account certificate of representation for the CO₂ authorized account representative for the source and each CO₂ budget unit at the source and all documents that demonstrate the truth of the statements in the account certificate of representation, in accordance with section 23-204, provided that the certificate and documents shall be retained on site at the source beyond such 10-year period until such documents are superseded because of the submission of a new account certificate of representation changing the CO₂ authorized account representative.

(ii) All emissions monitoring information, in accordance with

Subchapter VIII and 40 CFR 75.57.

(iii) Copies of all reports, compliance certifications, and other submissions and all records made or required under the CO₂ Budget Trading Program.

(iv) Copies of all documents used to complete a CO₂ budget permit application and any other submission under the CO₂ Budget Trading Program or to demonstrate compliance with the requirements of the CO₂ Budget Trading Program.

(2) The CO₂ authorized account representative of a CO₂ budget source and each CO₂ budget unit at the source shall submit the reports and compliance certifications required under the CO₂ Budget Trading Program, including those under Subchapter IV.

(f) *Liability.*

(1) No permit revision shall excuse any violation of the requirements of the CO₂ Budget Trading Program that occurs prior to the date that the revision takes effect.

(2) Any provision of the CO₂ Budget Trading Program that applies to a CO₂ budget source (including a provision applicable to the CO₂ authorized account representative of a CO₂ budget source) shall also apply to the owners and operators of such source and of the CO₂ budget units at the source.

(3) Any provision of the CO₂ Budget Trading Program that applies to a CO₂ budget unit (including a provision applicable to the CO₂ authorized account representative of a CO₂ budget unit) shall also apply to the owners and operators of such unit.

(g) *Effect on other authorities.* No provision of the CO₂ Budget Trading Program, a CO₂ budget permit application, or a CO₂ budget permit, shall be construed as exempting or excluding the owners and operators and, to the extent applicable, the

CO₂ authorized account representative of a CO₂ budget source or CO₂ budget unit from compliance with any other provisions of applicable State and federal laws and regulations.

23-106 Computation of time.

- (a) Unless otherwise stated, any time period scheduled under the CO₂ Budget Trading Program to begin on the occurrence of an act or event shall begin on the day the act or event occurs.
- (b) Unless otherwise stated, any time period scheduled under the CO₂ Budget Trading Program to begin before the occurrence of an act or event shall be computed so that the period ends the day before the act or event occurs.
- (c) Unless otherwise stated, if the final day of any time period under the CO₂ Budget Trading Program falls on a weekend or a Vermont State or Federal holiday, the time period shall be extended to the next business day.

23-107 Severability.

If any provision of this Chapter, or its application to any particular person or circumstances, is held invalid, the remainder of this Chapter, and the application thereof to other persons or circumstances, shall not be affected thereby.

Subchapter II. CO₂ Authorized Account Representative for CO₂ Budget Sources

23-201 Authorization and responsibilities of the CO₂ authorized account representative.

- (a) Except as provided under section 23-202, each CO₂ budget source, including all CO₂ budget units at the source, shall have one and only one CO₂ authorized account representative, with regard to all matters under the CO₂ Budget Trading Program concerning the source or any CO₂ budget unit at the source.
- (b) The CO₂ authorized account representative of the CO₂ budget source shall be

selected by an agreement binding on the owners and operators of the source and all CO₂ budget units at the source and must act in accordance with the certificate of representation under section 23-204.

(c) Upon receipt by the Agency or its agent of a complete account certificate of representation under section 23-204, the CO₂ authorized account representative of the source shall represent and, by his or her representations, actions, inactions, or submissions, legally bind each owner and operator of the CO₂ budget source represented and each CO₂ budget unit at the source in all matters pertaining to the CO₂ Budget Trading Program, notwithstanding any agreement between the CO₂ authorized account representative and such owners and operators. The owners and operators shall be bound by any decision or order issued to the CO₂ authorized account representative by the Agency or a court regarding the source or unit.

(d) No CO₂ budget permit shall be issued, and no CO₂ Allowance Tracking System (COATS) account shall be established for a CO₂ budget source, until the Agency or its agent has received a complete account certificate of representation under section 23-204 for a CO₂ authorized account representative of the source and the CO₂ budget units at the source.

(e) Each submission under the CO₂ Budget Trading Program shall be submitted, signed, and certified by the CO₂ authorized account representative for each CO₂ budget source on behalf of which the submission is made. Each such submission shall include the following certification statement by the CO₂ authorized account representative:

“I am authorized to make this submission on behalf of the owners and operators of the CO₂ budget sources or CO₂ budget units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are

significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.”

(f) The Agency or its agent will accept or act on a submission made on behalf of owners or operators of a CO₂ budget source or a CO₂ budget unit only if the submission has been made, signed, and certified in accordance with subsection (e) of this section.

23-202 CO₂ authorized alternate account representative.

(a) An account certificate of representation may designate one and only one CO₂ authorized alternate account representative who may act on behalf of the CO₂ authorized account representative. The agreement by which the CO₂ authorized alternate account representative is selected shall include a procedure for authorizing the CO₂ authorized alternate account representative to act in lieu of the CO₂ authorized account representative.

(b) Upon receipt by the Agency or its agent of a complete account certificate of representation under section 23-204, any representation, action, inaction, or submission by the CO₂ authorized alternate account representative shall be deemed to be a representation, action, inaction, or submission by the CO₂ authorized account representative.

(c) Except in this section and subsection 23-201(a), section 23-203, section 23-204, and section 23-602, whenever the term “CO₂ authorized account representative” is used in this Chapter, the term shall be construed to include the CO₂ authorized alternate account representative.

23-203 Changing the CO₂ authorized account representative and the CO₂ authorized alternate account representative; changes in the owners and operators.

(a) *Changing the CO₂ authorized account representative.* The CO₂ authorized account representative may be changed at any time upon receipt by the Agency or its agent of a superseding complete account certificate of representation under section 23-204. Notwithstanding any such change, all representations, actions,

inactions, and submissions by the previous CO₂ authorized account representative or CO₂ authorized alternate account representative prior to the time and date when the Agency or its agent receives the superseding account certificate of representation shall be binding on the new CO₂ authorized account representative and the owners and operators of the CO₂ budget source and the CO₂ budget units at the source.

(b) *Changing the CO₂ authorized alternate account representative.* The CO₂ authorized alternate account representative may be changed at any time upon receipt by the Agency or its agent of a superseding complete account certificate of representation under section 23-204. Notwithstanding any such change, all representations, actions, inactions, and submissions by the previous CO₂ authorized account representative or CO₂ authorized alternate account representative prior to the time and date when the Agency or its agent receives the superseding account certificate of representation shall be binding on the new CO₂ authorized alternate account representative and the owners and operators of the CO₂ budget source and the CO₂ budget units at the source.

(c) *Changes in the owners and operators.*

(1) In the event a new owner or operator of a CO₂ budget source or a CO₂ budget unit is not included in the list of owners and operators submitted in the account certificate of representation, such new owner or operator shall be deemed to be subject to and bound by the account certificate of representation, the representations, actions, inactions, and submissions of the CO₂ authorized account representative and any CO₂ authorized alternate account representative of the source or unit, and the decisions, orders, actions, and inactions of the Agency, as if the new owner or operator were included in such list.

(2) Within 30 days following any change in the owners and operators of a CO₂ budget source or a CO₂ budget unit, including the addition of a new owner or operator, the CO₂ authorized account representative or CO₂ authorized

alternate account representative shall submit a revision to the account certificate of representation amending the list of owners and operators to include the change.

23-204 Account certificate of representation.

(a) A complete account certificate of representation for a CO₂ authorized account representative or a CO₂ authorized alternate account representative shall include the following elements in a format prescribed by the Agency or its agent:

(1) Identification of the CO₂ budget source and each CO₂ budget unit at the source for which the account certificate of representation is submitted;

(2) the name, address, e-mail address, telephone number, and facsimile transmission number of the CO₂ authorized account representative and any CO₂ authorized alternate account representative;

(3) a list of the owners and operators of the CO₂ budget source and of each CO₂ budget unit at the source;

(4) the following certification statement by the CO₂ authorized account representative and any CO₂ authorized alternate account representative:

“I certify that I was selected as the CO₂ authorized account representative or CO₂ authorized alternate account representative, as applicable, by an agreement binding on the owners and operators of the CO₂ budget source and each CO₂ budget unit at the source. I certify that I have all the necessary authority to carry out my duties and responsibilities under the CO₂ Budget Trading Program on behalf of the owners and operators of the CO₂ budget source and of each CO₂ budget unit at the source and that each such owner and operator shall be fully bound by my representations, actions, inactions, or submissions and by any decision or order issued to me by the Agency or a court regarding the source or unit.”; and

(5) the signature of the CO₂ authorized account representative and any

CO₂ authorized alternate account representative and the dates signed.

(b) Unless otherwise required by the Agency or its agent, documents of agreement referred to in the account certificate of representation shall not be submitted to the Agency or its agent. Neither the Agency nor its agent shall be under any obligation to review or evaluate the sufficiency of such documents, if submitted.

23-205 Objections concerning the CO₂ authorized account representative.

(a) Once a complete account certificate of representation under section 23-204 has been submitted and received, the Agency and its agent will rely on the account certificate of representation unless and until the Agency or its agent receives a superseding complete account certificate of representation under section 23-204.

(b) Except as provided in subsection 23-203(a) or (b), no objection or other communication submitted to the Agency or its agent concerning the authorization, or any representation, action, inaction, or submission of the CO₂ authorized account representative shall affect any representation, action, inaction, or submission of the CO₂ authorized account representative or the finality of any decision or order by the Agency or its agent under the CO₂ Budget Trading Program.

(c) Neither the Agency nor its agent will adjudicate any private legal dispute concerning the authorization or any representation, action, inaction, or submission of any CO₂ authorized account representative, including private legal disputes concerning the proceeds of CO₂ allowance transfers.

23-206 Delegation by CO₂ authorized account representative and CO₂ authorized alternate account representative.

(a) A CO₂ authorized account representative may delegate, to one or more natural persons, his or her authority to make an electronic submission to the Agency or its agent under this Chapter.

(b) A CO₂ authorized alternate account representative may delegate, to one or more natural persons, his or her authority to make an electronic submission to the

Agency or its agent under this Chapter.

(c) In order to delegate authority to make an electronic submission to the Agency or its agent in accordance with subsection (a) and (b) of this section, the CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, must submit to the Agency or its agent a notice of delegation, in a format prescribed by the Agency that includes the following elements:

(1) The name, address, e-mail address, telephone number, and facsimile transmission number of such CO₂ authorized account representative or CO₂ authorized alternate account representative;

(2) The name, address, e-mail address, telephone number and facsimile transmission number of each such natural person, herein referred to as the “electronic submission agent”;

(3) For each such natural person, a list of the type of electronic submissions under subsection (a) or (b) of this section for which authority is delegated to him or her; and

(4) The following certification statement by such CO₂ authorized account representative or CO₂ authorized alternate account representative:

“I agree that any electronic submission to the Agency or its agent that is by a natural person identified in this notice of delegation and of a type listed for such electronic submission agent in this notice of delegation and that is made while I am a CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, and before this notice of delegation is superseded by another notice of delegation under subsection 23-206(d) shall be deemed to be an electronic submission by me. Until this notice of delegation is superseded by another notice of delegation under subsection 23-206(d), I agree to maintain an e-mail account and to notify the Agency or its agent immediately of any change in my e-mail address unless all delegation authority by me under section 23-206 is terminated.”

(d) A notice of delegation submitted under subsection (c) of this section shall be effective, with regard to the CO₂ authorized account representative or CO₂ authorized alternate account representative identified in such notice, upon receipt of such notice by the Agency or its agent and until receipt by the Agency or its agent of a superseding notice of delegation by such CO₂ authorized account representative or CO₂ authorized alternate account representative as appropriate. The superseding notice of delegation may replace any previously identified electronic submission agent, add a new electronic submission agent, or eliminate entirely any delegation of authority.

(e) Any electronic submission covered by the certification in subdivision (c)(4)(i) of this section and made in accordance with a notice of delegation effective under subsection (d) of this section shall be deemed to be an electronic submission by the CO₂ authorized account representative or CO₂ authorized alternate account representative submitting such notice of delegation.

(f) A CO₂ authorized account representative may delegate, to one or more natural persons, his or her authority to review information in the CO₂ Allowance Tracking System (COATS) under this part.

(g) A CO₂ authorized alternate account representative may delegate, to one or more natural persons, his or her authority to review information in the CO₂ Allowance Tracking System (COATS) under this part.

(h) In order to delegate authority to review information in the CO₂ Allowance Tracking System (COATS) in accordance with subdivision (f) and (g) of this section, the CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, must submit to the Agency or its agent a notice of delegation, in a format prescribed by the Agency that includes the following elements:

- (1) The name, address, e-mail address, telephone number, and facsimile transmission number of such CO₂ authorized account representative or CO₂

authorized alternate account representative;

(2) The name, address, e-mail address, telephone number and facsimile transmission number of each such natural person, herein referred to as the “reviewer”;

(3) For each such natural person, a list of the type of information under subdivision (f) or (g) of this section for which reviewing authority is delegated to him or her; and

(4) The following certification statement by such CO₂ authorized account representative or CO₂ authorized alternate account representative:

“I agree that any information that is reviewed by a natural person identified in this notice of delegation and of a type listed for such information accessible by the reviewer in this notice of delegation and that is made when I am a CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, and before this notice of delegation is superseded by another notice of delegation under subsection 23-206(i) shall be deemed to be a review by me. Until this notice of delegation is superseded by another notice of delegation under subsection 23-206(i), I agree to maintain an e-mail account and to notify the Agency or its agent immediately of any change in my e-mail address unless all delegation authority by me under section 23-206 is terminated.”

(i) A notice of delegation submitted under subdivision (h) of this section shall be effective, with regard to the CO₂ authorized account representative or CO₂ authorized alternate account representative identified in such notice, upon receipt of such notice by the Agency or its agent and until receipt by the Agency or its agent of a superseding notice of delegation by such CO₂ authorized account representative or CO₂ authorized alternate account representative as appropriate. The superseding notice of delegation may replace any previously identified reviewer, add a new reviewer, or eliminate entirely any delegation of authority.

Subchapter III. Permits

23-301 CO₂ budget permit requirements.

- (a) Each CO₂ budget source must have a permit issued by the Agency pursuant to the State of Vermont's Air Pollution Control Regulations.
- (b) Each CO₂ budget permit shall contain all applicable CO₂ Budget Trading Program requirements and shall be a complete and distinguishable portion of the permit under subsection (a) of this section.

23-302 Submission of CO₂ budget permit applications.

For any CO₂ budget source, the CO₂ authorized account representative shall submit a complete CO₂ budget permit application under section 23-303 covering such CO₂ budget source to the Agency by the later of January 1, 2009 or 12 months before the date on which the CO₂ budget source, or a new unit at the source, commences operation.

23-303 Information requirements for CO₂ budget permit applications.

- (a) A complete CO₂ budget permit application shall include the following elements concerning the CO₂ budget source for which the application is submitted, in a format prescribed by the Agency:
 - (1) Identification of the CO₂ budget source, including plant name and the ORIS (Office of Regulatory Information Systems) or facility code assigned to the source by the Energy Information Administration of the United States Department of Energy, if applicable;
 - (2) identification of each CO₂ budget unit at the CO₂ budget source; and
 - (3) the standard requirements under section 23-105.

Subchapter IV. Compliance Certification

23-401 Compliance certification report.

- (a) *Applicability and deadline.* For each control period in which a CO₂ budget source is subject to the CO₂ requirements of 23-105(c), the CO₂ authorized account representative of the source shall submit to the Agency by the March 1 following the relevant control period, a compliance certification report. A compliance certification report is not required as part of the compliance obligation during an interim control period.
- (b) *Contents of report.* The CO₂ authorized account representative shall include in the compliance certification report under subsection (a) of this section the following elements, in a format prescribed by the Agency:
- (1) Identification of the source and each CO₂ budget unit at the source;
 - (2) at the CO₂ authorized account representative's option, the serial numbers of the CO₂ allowances that are to be deducted from the source's compliance account under section 23-605 for the control period, including the serial numbers of any CO₂ offset allowances that are to be deducted subject to the limitations of subdivision 23- 605(a)(3); and
 - (3) the compliance certification under subsection (c) of this section.
- (c) *Compliance certification.* In the compliance certification report under subsection (a) of this section, the CO₂ authorized account representative shall certify, based on reasonable inquiry of those persons with primary responsibility for operating the source and the CO₂ budget units at the source in compliance with the CO₂ Budget Trading Program, whether the source and each CO₂ budget unit at the source for which the compliance certification is submitted was operated during the calendar years covered by the report in compliance with the requirements of the CO₂ Budget Trading Program, including:

- (1) Whether the source was operated in compliance with the CO₂ requirements of 23-105(c);
- (2) whether the monitoring plan applicable to each unit at the source has been maintained to reflect the actual operation and monitoring of the unit, and contains all information necessary to attribute CO₂ emissions to the unit, in accordance with Subchapter VIII;
- (3) whether all the CO₂ emissions from the units at the source were monitored or accounted for through the missing data procedures and reported in the quarterly monitoring reports, including whether conditional data were reported in the quarterly reports in accordance with Subchapter VIII. If conditional data were reported, the owner or operator shall indicate whether the status of all conditional data has been resolved and all necessary quarterly report resubmissions have been made;
- (4) whether the facts that form the basis for certification under Subchapter VIII of each monitor at each unit at the source, or for using an excepted monitoring method or alternative monitoring method approved under Subchapter VIII, if any, have changed; and
- (5) if a change is required to be reported under subdivision (c)(4) of this section, specify the nature of the change, the reason for the change, when the change occurred, and how the unit's compliance status was determined subsequent to the change, including what method was used to determine emissions when a change mandated the need for monitor recertification.

23-402 Agency's action on compliance certifications.

- (a) The Agency or its agent may review and conduct independent audits concerning any compliance certification or any other submission under the CO₂ Budget Trading Program and make appropriate adjustments of the information in the compliance certifications or other submissions.

(b) The Agency or its agent may deduct CO₂ allowances from or transfer CO₂ allowances to a source's compliance account based on the information in the compliance certifications or other submissions, as adjusted under subsection (a) of this section.

Subchapter V. CO₂ Allowance Allocations

23-501 State of Vermont CO₂ trading program base budget.

(a) For 2027, the State of Vermont CO₂ Budget Trading Program base budget is 407,748 tons.

(b) For 2028, the State of Vermont CO₂ Budget Trading Program base budget is 356,779 tons.

(c) For 2029, the State of Vermont CO₂ Budget Trading Program base budget is 305,811 tons.

(d) For 2030, the State of Vermont CO₂ Budget Trading Program base budget is 254,842 tons.

(e) For 2031 the State of Vermont CO₂ Budget Trading Program base budget is 203,874 tons.

(f) For 2032 the State of Vermont CO₂ Budget Trading Program base budget is 152,905 tons.

(g) For 2033 the State of Vermont CO₂ Budget Trading Program base budget is 101,937 tons.

(h) For 2034 the State of Vermont CO₂ Budget Trading Program base budget is 87,374 tons.

(i) For 2035 the State of Vermont CO₂ Budget Trading Program base budget is 72,812 tons.

(j) For 2036 the State of Vermont CO₂ Budget Trading Program base budget is 58,250 tons.

(k) For 2037 and each succeeding calendar year, the State of Vermont CO₂ Budget Trading Program base budget is 43,687 tons.

23-502 RESERVED

23-503 CO₂ allowance allocations.

(a) *Consumer benefit or strategic energy purpose allocation.* For each allocation year, the State of Vermont will allocate 100 percent of the State of Vermont CO₂ Budget Trading Program annual base budget to the consumer benefit or strategic energy purpose account.

(b) *CO₂ allowances available for allocation.* For the allocation year 2027 and each succeeding calendar year, the State of Vermont CO₂ Budget Trading Program base budget shall be the maximum number of allowances available for allocation in a given allocation year, except for CO₂ CCR tier 1 and CO₂ CCR tier 2 allowances.

(c) *Cost Containment Reserve (CCR) allocation.* The State of Vermont shall allocate CO₂ CCR tier 1 and CO₂ CCR tier 2 allowances, separate from and additional to the State of Vermont CO₂ Budget Trading Program base budget set forth in section 23-501, to the *consumer benefit or strategic energy purpose account*. The CCR allocation is for the purpose of containing the cost of CO₂ allowances. The State of Vermont shall allocate the CO₂ CCR tier 1 and CO₂ CCR tier 2 allowances in the following manner:

- (1) Each calendar year the State of Vermont shall allocate 68,611 current vintage year CO₂ CCR tier 1 and 68,611 CO₂ CCR tier 2 allowances and withdraw the number of CO₂ CCR tier 1 and CO₂ CCR tier 2 allowances that remain in the *consumer benefit or strategic energy purpose account* at the end of the prior calendar year.

Subchapter VI. CO₂ Allowance Tracking System (COATS)

23-601 CO₂ Allowance Tracking System (COATS) accounts.

(a) *Compliance accounts.* Consistent with subsection 23-602(a), the Agency or its agent will establish one compliance account for each CO₂ budget source. Deductions or transfers of CO₂ allowances pursuant to sections 23-402, 23-605, 23-607, or Subchapter VII will be recorded in the compliance accounts in accordance with this Subchapter.

(b) *General accounts.* Consistent with subsection 23-602(b), the Agency or its agent will establish, upon request, a general account for any person. Transfers of CO₂ allowances pursuant to Subchapter VII will be recorded in the general account in accordance with this Subchapter.

23-602 Establishment of accounts.

(a) *Compliance accounts.* Upon receipt of a complete account certificate of representation under section 23-204, the Agency or its agent will establish a compliance account for each CO₂ budget source for which the account certificate of representation was submitted.

(b) *General accounts.*

(1) *Application for general account.* Any person may apply to open a general account for the purpose of holding and transferring CO₂ allowances. An application for a general account may designate one and only one CO₂ authorized account representative and one and only one CO₂ authorized alternate account representative who may act on behalf of the CO₂ authorized account representative. The agreement by which the CO₂ authorized alternate account representative is selected shall include a procedure for authorizing the CO₂ authorized alternate account representative to act in lieu of the CO₂ authorized account representative. A complete application for a general account shall be submitted to the Agency or its agent and shall include the following elements in a format prescribed by the Agency or its agent:

- (i) Name, address, e-mail address, telephone number, and facsimile transmission number of the CO₂ authorized account representative and any CO₂ authorized alternate account representative;
- (ii) at the option of the CO₂ authorized account representative, organization name and type of organization;
- (iii) a list of all persons subject to a binding agreement for the CO₂ authorized account representative or any CO₂ authorized alternate account representative to represent their ownership interest with respect to the CO₂ allowances held in the general account;
- (iv) the following certification statement by the CO₂ authorized account representative and any CO₂ authorized alternate account representative:

“I certify that I was selected as the CO₂ authorized account representative or the CO₂ alternate authorized account representative, as applicable, by an agreement that is binding on all persons who have an ownership interest with respect to CO₂ allowances held in the general account. I certify that I have all the necessary authority to carry out my duties and responsibilities under the CO₂ Budget Trading Program on behalf of such persons and that each such person shall be fully bound by my representations, actions, inactions, or submissions and by any order or decision issued to me by the Agency or its agent or a court regarding the general account.”;
- (v) the signature of the CO₂ authorized account representative and any CO₂ authorized alternate account representative and the dates signed; and
- (vi) unless otherwise required by the Agency or its agent, documents

of agreement referred to in the application for a general account shall not be submitted to the Agency or its agent. Neither the Agency nor its agent shall be under any obligation to review or evaluate the sufficiency of such documents, if submitted.

(2) *Authorization of CO₂ authorized account representative.*

(i) Upon receipt by the Agency or its agent of a complete application for a general account under subdivision (b)(1) of this section:

(a) The Agency or its agent will establish a general account for the person or persons for whom the application is submitted.

(b) The CO₂ authorized account representative and any CO₂ authorized alternate account representative for the general account shall represent and, by his or her representations, actions, inactions, or submissions, legally bind each person who has an ownership interest with respect to CO₂ allowances held in the general account in all matters pertaining to the CO₂ Budget Trading Program, notwithstanding any agreement between the CO₂ authorized account representative or any CO₂ authorized alternate account representative and such person. Any such person shall be bound by any order or decision issued to the CO₂ authorized account representative or any CO₂ authorized alternate account representative by the Agency or its agent or a court regarding the general account.

(c) Any representation, action, inaction, or submission by any CO₂ authorized alternate account representative shall be deemed to be a representation, action, inaction, or submission by the CO₂ authorized account representative.

(ii) Each submission concerning the general account shall be submitted, signed, and certified by the CO₂ authorized account

representative or any CO₂ authorized alternate account representative for the persons having an ownership interest with respect to CO₂ allowances held in the general account. Each such submission shall include the following certification statement by the CO₂ authorized account representative or any CO₂ authorized alternate account representative:

“I am authorized to make this submission on behalf of the persons having an ownership interest with respect to the CO₂ allowances held in the general account. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.”

(iii) The Agency or its agent will accept or act on a submission concerning the general account only if the submission has been made, signed, and certified in accordance with subdivision (b)(2)(ii) of this section.

(3) *Changing CO₂ authorized account representative and CO₂ authorized alternate account representative; changes in persons with ownership interest.*

(i) The CO₂ authorized account representative for a general account may be changed at any time upon receipt by the Agency or its agent of a superseding complete application for a general account under subdivision (b)(1) of this section. Notwithstanding any such change, all representations, actions, inactions, and submissions by the previous

CO₂ authorized account representative, or the previous CO₂ authorized alternate account representative, prior to the time and date when the Agency or its agent receives the superseding application for a general account shall be binding on the new CO₂ authorized account representative and the persons with an ownership interest with respect to the CO₂ allowances in the general account.

(ii) The CO₂ authorized alternate account representative for a general account may be changed at any time upon receipt by the Agency or its agent of a superseding complete application for a general account under subdivision (b)(1) of this section. Notwithstanding any such change, all representations, actions, inactions, and submissions by the previous CO₂ authorized account representative, or the previous CO₂ authorized alternate account representative prior to the time and date when the Agency or its agent receives the superseding application for a general account shall be binding on the new CO₂ authorized alternate account representative and the persons with an ownership interest with respect to the CO₂ allowances in the general account.

(iii) In the event a new person having an ownership interest with respect to CO₂ allowances in the general account is not included in the list of such persons in the application for a general account, such new person shall be deemed to be subject to and bound by the application for a general account, the representations, actions, inactions, and submissions of the CO₂ authorized account representative and any CO₂ authorized alternate account representative, and the decisions, orders, actions, and inactions of the Agency or its agent, as if the new person were included in such list.

(iv) Within 30 days following any change in the persons having an ownership interest with respect to CO₂ allowances in the general account, including the addition of persons, the CO₂ authorized account representative or any CO₂ authorized alternate account representative

shall submit a revision to the application for a general account amending the list of persons having an ownership interest with respect to the CO₂ allowances in the general account to include the change.

(4) *Objections concerning CO₂ authorized account representative.*

(i) Once a complete application for a general account under subdivision (b)(1) of this section has been submitted and received, the Agency or its agent will rely on the application unless and until a superseding complete application for a general account under subdivision (b)(1) of this section is received by the Agency or its agent.

(ii) Except as provided in subdivisions (b)(3)(i) and (ii) of this section, no objection or other communication submitted to the Agency or its agent concerning the authorization, or any representation, action, inaction, or submission of the CO₂ authorized account representative or any CO₂ authorized alternate account representative for a general account shall affect any representation, action, inaction, or submission of the CO₂ authorized account representative or any CO₂ authorized alternate account representative or the finality of any decision or order by the Agency or its agent under the CO₂ Budget Trading Program.

(iii) Neither the Agency nor its agent will adjudicate any private legal dispute concerning the authorization or any representation, action, inaction, or submission of the CO₂ authorized account representative or any CO₂ authorized alternate account representative for a general account, including private legal disputes concerning the proceeds of CO₂ allowance transfers.

(5) *Delegation by CO₂ authorized account representative and CO₂ authorized alternate account representative.*

(i) A CO₂ authorized account representative may delegate, to one

or more natural persons, his or her authority to make an electronic submission to the Agency or its agent provided for under Subchapters VI and VII.

(ii) A CO₂ authorized alternate account representative may delegate, to one or more natural persons, his or her authority to make an electronic submission to the Agency or its agent provided for under Subchapters VI and VII.

(iii) In order to delegate authority to make an electronic submission to the Agency or its agent in accordance with subdivisions (b)(5)(i) and (b)(5)(ii) of this section, the CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, must submit to the Agency or its agent a notice of delegation, in a format prescribed by the Agency that includes the following elements:

(a) The name, address, e-mail address, telephone number, and facsimile transmission number of such CO₂ authorized account representative or CO₂ authorized alternate account representative;

(b) The name, address, e-mail address, telephone number and facsimile transmission number of each such natural person, herein referred to as “electronic submission agent”;

(c) For each such natural person, a list of the type of electronic submissions under subsection (a) or (b) of this section for which authority is delegated to him or her; and

(d) The following certification statements by such CO₂ authorized account representative or CO₂ authorized alternate account representative:

“I agree that any electronic submission to the Agency or its agent

that is by a natural person identified in this notice of delegation and of a type listed for such electronic submission agent in this notice of delegation and that is made when I am a CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, and before this notice of delegation is superseded by another notice of delegation under subdivision 23-602(b)(5)(iv) shall be deemed to be an electronic submission by me. Until this notice of delegation is superseded by another notice of delegation under subdivision 23-602(b)(5)(iv), I agree to maintain an e-mail account and to notify the Agency or its agent immediately of any change in my e-mail address unless all delegation authority by me under subdivision 23-602(b)(5) is terminated.”

(iv) A notice of delegation submitted under subdivision (b)(5)(iii) of this section shall be effective, with regard to the CO₂ authorized account representative or CO₂ authorized alternate account representative identified in such notice, upon receipt of such notice by the Agency or its agent and until receipt by the Agency or its agent of a superseding notice of delegation by such CO₂ authorized account representative or CO₂ authorized alternate account representative as appropriate. The superseding notice of delegation may replace any previously identified electronic submission agent, add a new electronic submission agent, or eliminate entirely any delegation of authority.

(v) Any electronic submission covered by the certification in subdivision (b)(5)(iii)(d)(1) of this section and made in accordance with a notice of delegation effective under subdivision (b)(5)(iv) of this section shall be deemed to be an electronic submission by the CO₂ authorized account representative or CO₂ authorized alternate account representative submitting such notice of delegation.

(c) *Account identification.* The Agency or its agent will assign a unique identifying

number to each account established under subsections (a) or (b) of this section.

23-603 CO₂ Allowance Tracking System (COATS) responsibilities of CO₂ authorized account representative.

Following the establishment of a CO₂ Allowance Tracking System (COATS) account, all submissions to the Agency or its agent pertaining to the account, including, but not limited to, submissions concerning the deduction or transfer of CO₂ allowances in the account, shall be made only by the CO₂ authorized account representative for the account.

23-604 Recordation of CO₂ allowance allocations.

(a) Each calendar year the Agency or its agent will record in the consumer benefit or strategic energy purpose account the CO₂ allowances for that calendar year.

(b) *Serial numbers for allocated CO₂ allowances.* When allocating CO₂ allowances to and recording them in an account, the Agency or its agent will assign each CO₂ allowance a unique identification number that will include digits identifying the year for which the CO₂ allowance is allocated.

23-605 Compliance.

(a) *Allowances available for compliance deduction.* CO₂ allowances that meet the following criteria are available to be deducted in order for a CO₂ budget source to comply with the CO₂ requirements of 23-105(c) for a control period or an interim control period.

(1) The CO₂ allowances are of allocation years that fall within a prior control period, the same control period, or the same interim control period for which the allowances will be deducted.

(2) The CO₂ allowances are held in the CO₂ budget source's compliance account as of the CO₂ allowance transfer deadline for that control period or interim control period, or are transferred into the compliance account by a CO₂

allowance transfer correctly submitted for recordation under section 23-701 by the CO₂ allowance transfer deadline for that control period or interim control period.

(3) For CO₂ offset allowances, the number of CO₂ offset allowances that are available to be deducted in order for a CO₂ budget source to comply with the CO₂ requirements of 23-105(c) for a control period or an interim control period may not exceed 3.3 percent of the CO₂ budget source's CO₂ emissions for that control period, or may not exceed 3.3 percent of 0.50 times the CO₂ budget source's CO₂ emissions for an interim control period, as determined in accordance with Subchapters VI and VIII.

(4) The CO₂ allowances are not necessary for deductions for excess emissions for a prior control period under subsection (d) of this section.

(b) *Deductions for compliance.* Following the recordation, in accordance with section 23-702, of any CO₂ allowance transfers submitted for recordation in the CO₂ budget source's compliance account by the CO₂ allowance transfer deadline for a control period or interim control period, the Agency or its agent will deduct CO₂ allowances available under subsection (a) of this section to cover the source's CO₂ emissions (as determined in accordance with Subchapter VIII) for the control period or interim control period, as follows:

(1) Until the amount of CO₂ allowances deducted equals the number of tons of total CO₂ emissions (or 0.50 times the number of tons of total CO₂ emissions for an interim control period) determined in accordance with Subchapter VIII, from all CO₂ budget units at the CO₂ budget source for the control period or interim control period; or

(2) if there are insufficient CO₂ allowances to complete the deductions in subdivision (b)(1) of this section, until no more CO₂ allowances available under subsection (a) of this section remain in the compliance account.

(c) *Identification of available CO₂ allowances by serial number; default compliance*

deductions.

(1) The CO₂ authorized account representative for a source's compliance account may request that specific CO₂ allowances, identified by serial number, in the compliance account be deducted for emissions or excess emissions for a control period or interim control period in accordance with subsection (b) or (d) of this section. Such identification shall be made in the compliance certification report submitted in accordance with section 23-401.

(2) The Agency or its agent will deduct CO₂ allowances for a control period or interim control period from the CO₂ budget source's compliance account, in the absence of an identification or in the case of a partial identification of available CO₂ allowances by serial number under subdivision (c)(1) of this section, in the following order:

(i) First, subject to the relevant compliance deduction limitations under subdivisions 23-605(a)(3) and (d)(1), CO₂ offset allowances. CO₂ offset allowances shall be deducted in chronological order (i.e., CO₂ offset allowances from earlier allocation years shall be deducted before CO₂ offset allowances from later allocation years). In the event that some, but not all, CO₂ offset allowances from a particular allocation year are to be deducted, CO₂ offset allowances shall be deducted by serial number, with lower serial number allowances deducted before higher serial number allowances.

(ii) Second, any CO₂ allowances, other than CO₂ offset allowances, that are available for deduction under subsection 23-605(a). CO₂ allowances shall be deducted in chronological order (i.e., CO₂ allowances from earlier allocation years shall be deducted before CO₂ allowances from later allocation years). In the event that some, but not all, CO₂ allowances from a particular allocation year are to be deducted, CO₂ allowances shall be deducted by serial number, with lower serial number allowances deducted before higher serial number allowances.

(d) *Deductions for excess emissions.*

(1) After making the deductions for compliance under subsection (b) of this section, the Agency or its agent will deduct from the CO₂ budget source's compliance account a number of CO₂ allowances equal to three times the number of the source's excess emissions. In the event that a source has insufficient CO₂ allowances to cover three times the number of the source's excess emissions, the source shall be required to immediately transfer CO₂ allowances equal to three times the number of the source's excess emissions into its compliance account. No CO₂ offset allowances may be deducted to account for the source's excess emissions.

(2) Any CO₂ allowance deduction required under subdivision (d)(1) of this section shall not affect the liability of the owners and operators of the CO₂ budget source or the CO₂ units at the source for any fine, penalty, or assessment, or their obligation to comply with any other remedy, for the same violation, as ordered under applicable State law. The following guidelines will be followed in assessing fines, penalties or other obligations:

(i) For purposes of determining the number of days of violation, if a CO₂ budget source has excess emissions for a control period, each day in the control period constitutes a day in violation unless the owners and operators of the unit demonstrate that a lesser number of days should be considered.

(ii) Each ton of excess emissions is a separate violation.

(iii) For purposes of determining the number of days of violation, if a CO₂ budget source has excess interim emissions for an interim control period, each day in the interim control period constitutes a day in violation unless the owners and operators of the unit demonstrate that a lesser number of days should be considered.

(iv) Each ton of excess interim emissions is a separate violation.

(3) The propriety of the Agency's determination that a CO₂ budget source had excess emissions and the concomitant deduction of CO₂ allowances from that CO₂ budget source's account may be later challenged in the context of the initial administrative enforcement, or any civil or criminal judicial action arising from or encompassing that excess emissions violation. The commencement or pendency of any administrative enforcement, or civil or criminal judicial action arising from or encompassing that excess emissions violation will not act to prevent the Agency or its agent from initially deducting the CO₂ allowances resulting from the Agency's original determination that the relevant CO₂ budget source has had excess emissions. Should the Agency's determination of the existence or extent of the CO₂ budget source's excess emissions be revised either by a settlement or final conclusion of any administrative or judicial action, the Agency will act as follows:

(i) In any instance where the Agency's determination of the extent of excess emissions was too low, the Agency will take further action under subdivision (d)(1) and (2) of this section to address the expanded violation.

(ii) In any instance where the Agency's determination of the extent of excess emissions was too high, the Agency will distribute to the relevant CO₂ budget source a number of CO₂ allowances equaling the number of CO₂ allowances deducted which are attributable to the difference between the original and final quantity of excess emissions. Should such CO₂ budget source's compliance account no longer exist, the CO₂ allowances will be provided to a general account selected by the owner or operator of the CO₂ budget source from which they were originally deducted.

(e) The Agency or its agent will record in the appropriate compliance account all deductions from such an account pursuant to subsections (b) and (d) of this section.

(f) *Action by the Agency on submissions.*

(1) The Agency may review and conduct independent audits concerning any submission under the CO₂ Budget Trading Program and make appropriate adjustments of the information in the submissions.

(2) The Agency may deduct CO₂ allowances from or transfer CO₂ allowances to a source's compliance account based on information in the submissions, as adjusted under subdivision (f)(1) of this section.

23-606 Banking.

Each CO₂ allowance that is held in a compliance account or a general account will remain in such account unless and until the CO₂ allowance is deducted or transferred under section 23-402, section 23-605, section 23-607, or Subchapter VII.

23-607 Account error.

The Agency or its agent may, at its sole discretion and on his or her own motion, correct any error in any CO₂ Allowance Tracking System (COATS) account. Within 10 business days of making such correction, the Agency or its agent will notify the CO₂ authorized account representative for the account.

23-608 Closing of general accounts.

(a) A CO₂ authorized account representative of a general account may instruct the Agency or its agent to close the account by submitting a statement requesting deletion of the account from the CO₂ Allowance Tracking System (COATS) and by correctly submitting for recordation under section 23-701 a CO₂ allowance transfer of all CO₂ allowances in the account to one or more other CO₂ Allowance Tracking System accounts.

(b) If a general account shows no activity for a period of one year or more and does not contain any CO₂ allowances, the Agency or its agent may notify the CO₂ authorized account representative for the account that the account will be closed in the CO₂ Allowance Tracking System (COATS) 30 business days after the notice is

sent. The account will be closed after the 30-day period unless before the end of the 30-day period the Agency or its agent receives a correctly submitted transfer of CO₂ allowances into the account under section 23-701 or a statement submitted by the CO₂ authorized account representative demonstrating to the satisfaction of the Agency or its agent good cause as to why the account should not be closed. The Agency or its agent will have sole discretion to determine if the CO₂ authorized account representative of the account demonstrated that the account should not be closed.

Subchapter VII. CO₂ Allowance Transfers

23-701 Submission of CO₂ allowance transfers.

The CO₂ authorized account representatives seeking recordation of a CO₂ allowance transfer shall submit the transfer to the Agency or its agent. To be considered correctly submitted, the CO₂ allowance transfer shall include the following elements in a format specified by the Agency or its agent:

- (a) The numbers identifying both the transferor and transferee accounts;
- (b) a specification by serial number of each CO₂ allowance to be transferred;
- (c) the printed name and signature of the CO₂ authorized account representative of the transferor account and the date signed;
- (d) the date of the completion of the last sale or purchase transaction for the allowance, if any; and
- (e) the purchase or sale price of the allowance that is the subject of a sale or purchase transaction under subsection (d) of this section.

23-702 Recordation.

- (a) Within 5 business days of receiving a CO₂ allowance transfer, except as provided in subsection (b) of this section, the Agency or its agent will record a CO₂

allowance transfer by moving each CO₂ allowance from the transferor account to the transferee account as specified by the request, provided that:

- (1) the transfer is correctly submitted under section 23-701; and
- (2) the transferor account includes each CO₂ allowance identified by serial number in the transfer.

(b) A CO₂ allowance transfer into or out of a compliance account that is submitted for recordation following the CO₂ allowance transfer deadline and that includes any CO₂ allowances that are of allocation years that fall within a control period or interim control period prior to or the same as the control period or interim control period to which the CO₂ allowance transfer deadline applies will not be recorded until after completion of the process pursuant to subsection 23-605(b).

(c) Where a CO₂ allowance transfer submitted for recordation fails to meet the requirements of subsection (a) of this section, the Agency or its agent will not record such transfer.

23-703 Notification.

(a) *Notification of recordation.* Within 5 business days of recordation of a CO₂ allowance transfer under section 23-702, the Agency or its agent will notify each party to the transfer. Notice will be given to the CO₂ authorized account representatives of both the transferor and transferee accounts.

(b) *Notification of non-recordation.* Within 10 business days of receipt of a CO₂ allowance transfer that fails to meet the requirements of subsection 23-702(a), the Agency or its agent will notify the CO₂ authorized account representatives of both accounts subject to the transfer of:

- (1) a decision not to record the transfer, and
- (2) the reasons for such non-recordation.

(c) Nothing in this section shall preclude the submission of a CO₂ allowance transfer for recordation following notification of non-recordation.

Subchapter VIII. Monitoring, Reporting and Recordkeeping

23-801 General requirements.

(a) *General requirements.* The owners and operators, and to the extent applicable, the CO₂ authorized account representative of a CO₂ budget unit, shall comply with the monitoring, recordkeeping and reporting requirements as provided in this Subchapter and all applicable sections of 40 CFR part 75. For purposes of complying with such requirements, the definitions in section 23-102 and in 40 CFR 72.2 shall apply, and the terms “affected unit,” “designated representative,” and “continuous emissions monitoring system” (or “CEMS”) in 40 CFR part 75 shall be replaced by the terms “CO₂ budget unit,” “CO₂ authorized account representative,” and “continuous emissions monitoring system” (or “CEMS”), respectively, as defined in section 23-102.

(b) *Requirements for installation, certification, and data accounting.* The owner or operator of each CO₂ budget unit must meet the following requirements:

(1) Install all monitoring systems required under this Subchapter for monitoring CO₂ mass emissions. This includes all systems required to monitor CO₂ concentration, stack gas flow rate, O₂ concentration, heat input, and fuel flow rate, as applicable, in accordance with 40 CFR 75.13, 75.71 and 75.72 and all portions of appendix G of 40 CFR part 75, except for equation G-1 in 40 CFR Part 75. Equation G-1 in Appendix G shall not be used to determine CO₂ emissions under this Chapter.

(2) Record, report and quality-assure the data from the monitoring systems under subdivision (a)(1) of this section.

23-802 RESERVED.

23-803 RESERVED.

23-804 RESERVED.

23-805 Recordkeeping and reporting.

(a) *General provisions.* The CO₂ authorized account representative shall comply with all recordkeeping and reporting requirements in this section, the applicable record keeping and reporting requirements under 40 CFR 75.73 and with the requirements of subsection 23-201(e).

(b) *Monitoring plans.* The owner or operator of a CO₂ budget unit shall submit a monitoring plan in the manner prescribed in 40 CFR 75.62.

(c) *Certification applications.* The CO₂ authorized account representative shall submit an application to the Agency within 45 days after completing all CO₂ monitoring system initial certification or recertification tests required under CFR 75.63 and 40 CFR 75.53 (g) and (h).

(d) *Quarterly reports.* The CO₂ authorized account representative shall submit quarterly reports, as follows:

(1) The CO₂ authorized account representative shall report the CO₂ mass emissions data for the CO₂ budget unit, in an electronic format prescribed by the Administrator unless otherwise prescribed by the Agency for each calendar quarter beginning with:

(i) for a unit that commences commercial operation before July 1, 2008, the calendar quarter covering January 1, 2009 through March 31, 2009; or

(ii) for a unit commencing commercial operation on or after July 1, 2008, the calendar quarter corresponding to, the earlier of the date of provisional certification or the applicable deadline for initial certification under subsection 23-801(b) or, unless that quarter is the third or fourth quarter of 2008, in which case reporting shall commence in the quarter covering January 1, 2009 through March 31, 2009.

(2) The CO₂ authorized account representative shall submit each quarterly report to the Agency or its agent within 30 days following the end of the calendar quarter covered by the report. Quarterly reports shall be submitted in the manner specified in Subpart H of 40 CFR part 75 and 40 CFR 75.64. Quarterly reports shall be submitted for each CO₂ budget unit (or group of units using a common stack), and shall include all of the data and information required in Subpart G of 40 CFR part 75, except for opacity, NO_x and SO₂ provisions.

(3) *Compliance certification.* The CO₂ authorized account representative shall submit to the Agency or its agent a compliance certification in support of each quarterly report based on reasonable inquiry of those persons with primary responsibility for ensuring that all of the unit's emissions are correctly and fully monitored. The certification shall state that:

(i) the monitoring data submitted were recorded in accordance with the applicable requirements of this Subchapter and 40 CFR part 75, including the quality assurance procedures and specifications;

(ii) for a unit with add-on CO₂ emissions controls and for all hours where data are substituted in accordance with 40 CFR 75.34(a)(1), the add-on emissions controls were operating within the range of parameters listed in the quality assurance/quality control program under appendix B of 40 CFR part 75 and the substitute values do not systematically underestimate CO₂ emissions; and

(iii) the CO₂ concentration values substituted for missing data under Subpart D of 40 CFR part 75 do not systematically underestimate CO₂ emissions.

23-806 Petitions.

(a) Except as provided in subsection (c) of this section, the CO₂ authorized account representative of a CO₂ budget unit that is subject to an Acid Rain emissions limitation may submit a petition to the Administrator under 40 CFR 75.66 and to the Agency requesting approval to apply an alternative to any requirement of 40 CFR Part 75. Application of an alternative to any requirement of 40 CFR Part 75 is in accordance with this Subchapter only to the extent that the petition is approved in writing by the Administrator and subsequently approved in writing by the Agency.

(b) Petitions for a CO₂ budget unit that is not subject to an Acid Rain emissions limitation.

(1) The CO₂ authorized account representative of a CO₂ budget unit that is not subject to an Acid Rain emissions limitation may submit a petition to the Administrator under 40 CFR 75.66 and to the Agency requesting approval to apply an alternative to any requirement of 40 CFR Part 75. Application of an alternative to any requirement of 40 CFR Part 75 is in accordance with this Subchapter only to the extent that the petition is approved in writing by the Administrator and subsequently approved in writing by the Agency.

(2) In the event that the Administrator declines to review a petition under 40 CFR 75.66 as described in subdivision 23-806(b)(1), the CO₂ authorized account representative of a CO₂ budget unit that is not subject to an Acid Rain emissions limitation may submit a petition to the Agency requesting approval to apply an alternative to any requirement of this Subchapter. The petition shall contain all of the relevant information specified in 40 CFR 75.66. Application of an alternative to any requirement of this Subchapter is in accordance with this Subchapter only to the extent

the petition is approved in writing by the Agency.

(c) The CO₂ authorized account representative of a CO₂ budget unit that is subject to an Acid Rain emissions limitation may submit a petition to the Administrator under 40 CFR 75.66 and to the Agency requesting approval to apply an alternative to a requirement concerning any additional CEMS required under the common stack provisions of 40 CFR 75.72 or a CO₂ concentration CEMS used under 40 CFR 75.71(a)(2). Application of an alternative to any such requirement is in accordance with this Subchapter only to the extent the petition is approved in writing by the Administrator and subsequently approved in writing by the Agency.

23-807 RESERVED.

23-808 Additional requirements to provide output data.

(a) A CO₂ budget unit in a state that requires the use of information submitted to the Independent System Operator (ISO) to document megawatt-hours (MWh) the CO₂ budget unit produces shall submit to the Agency or its agent the same MWh value submitted to the ISO and a statement certifying that the MWh of electrical output reported reflects the total actual electrical output for all CO₂ budget units at the facility used by the ISO to determine settlement resources of energy market participants.

(b) A CO₂ budget unit in a state that requires gross output to be used that also reports gross hourly MW to the Administrator, shall use the same electronic data report (EDR) gross output (in MW), as submitted to the Administrator, for the hour times operating time in the hour, added for all hours in a year. A CO₂ budget unit that does not report gross hourly MW to the Administrator shall submit to the Agency or its agent information in accordance with subdivision 23-808(e)(1).

(c) A CO₂ budget unit in a state that requires net electrical output to be used shall submit to the Agency or its agent information in accordance with subdivision 23-808(e)(1). A CO₂ budget source whose electrical output is not used in ISO energy market settlement determinations shall propose to the Agency a method for

quantification of net electrical output.

(d) CO₂ budget sources selling steam should use billing meters to determine net steam output. A CO₂ budget source whose steam output is not measured by billing meters or whose steam output is combined with output from a non-CO₂ budget unit prior to measurement by the billing meter shall propose to the Agency an alternative method for quantification of net steam output. If data for steam output is not available, the CO₂ budget source may report heat input providing useful steam output as a surrogate for steam output.

(e) *Monitoring.* The owner or operator of each CO₂ budget unit, in a state that requires reporting of the CO₂ budget unit's net output, shall meet the following requirements. Each CO₂ budget source shall submit an output monitoring plan. The output monitoring plan must include a description and diagram as stated below.

(1) Submit a diagram of the electrical and/or steam system for which output is being monitored, specifically including the following:

(i) If the CO₂ budget unit monitors net electric output, the diagram should contain all CO₂ budget units and all generators served by each CO₂ budget unit and the relationship between CO₂ budget units and generators. If a generator served by a CO₂ budget unit is also served by a non-affected unit, the non-affected unit and its relationship to each generator should be indicated on the diagram as well. The diagram should indicate where the net electric output is measured and should include all electrical inputs and outputs to and from the plant. If net electric output is determined using a billing meter, the diagram should show each billing meter used to determine net sales of electricity and should show that all electricity measured at the point of sale is generated by the CO₂ budget units.

(ii) If the CO₂ budget unit monitors net thermal output, the diagram

should include all steam or hot water coming into the net steam system, including steam from CO₂ budget units and non-affected units, and all exit points of steam or hot water from the net steam system. In addition, each input and output stream will have an estimated temperature, pressure and phase indicator, and an enthalpy in Btu/lb. The diagram of the net steam system should identify all useful loads, house loads, parasitic loads, any other steam loads and all boiler feedwater returns. The diagram will represent all energy losses in the system as either usable or unusable losses. The diagram will also indicate all flow meters, temperature or pressure sensors or other equipment used to calculate gross thermal output. If a sales agreement is used to determine net thermal output, the diagram should show the monitoring equipment used to determine the sales of steam.

(2) Submit a description of each output monitoring system. The description of the output monitoring system should include a written description of the output system and the equations used to calculate output. For net thermal output systems descriptions and justifications of each useful load should be included.

(3) Submit a detailed description of all quality assurance/quality control activities that will be performed to maintain the output system in accordance with subsection 23-808(g).

(4) Submit documentation supporting any output value(s) to be used as a missing data value should there be periods of invalid output data. The missing data output value must be either zero or an output value that is likely to be lower than a measured value and that is approved as part of the monitoring plan required under this subsection.

(f) *Initial certification.* A certification statement must be submitted by the CO₂ authorized account representative stating that either the output monitoring system consists entirely of billing meters or that the output monitoring system meets one of

the accuracy requirements for non-billing meters at subdivision (f)(2) of this section. This statement may be submitted with the certification application required under subsection 23-805(c).

(1) *Billing meters.* The billing meter must record the electric or thermal output. Any electric or thermal output values that the facility reports must be the same as the values used in billing for the output. Any output measurement equipment used as a billing meter in commercial transactions requires no additional certification or testing.

(2) *Non-billing meters.* For non-billing meters, the output monitoring system must either meet an accuracy of within 10% of the reference value, or each component monitor for the output system must meet an accuracy of within 3% of the full-scale value, whichever is less stringent.

(i) *System approach to accuracy.* The system approach to accuracy must include a determination of how the system accuracy of 10% is achieved using the individual components in the system and should include data loggers and any wattmeters used to calculate the final net electric output data and/or any flowmeters for steam or condensate, temperature measurement devices, absolute pressure measurement devices, and differential pressure devices used for measuring thermal energy.

(ii) *Component approach to accuracy.* If testing a piece of output measurement equipment shows that the output readings are not accurate to within 3.0 percent of the full-scale value, then the equipment should be repaired or replaced to meet that requirement. Data shall remain invalid until the output measurement equipment passes an accuracy test or is replaced with another piece of equipment that passes the accuracy test.

(g) *Ongoing QA/QC.* Ongoing quality assurance/quality control activities must be performed in order to maintain the output system.

(1) *Billing meters.* In the case where billing meters are used to determine output, no QA/QC activities beyond what are already performed are required.

(2) *Non-billing meters.* Certain types of equipment such as potential transformers, current transformers, nozzle and venturi type meters, and the primary element of an orifice plate only require an initial certification of calibration and do not require periodic recalibration unless the equipment is physically changed. However, the pressure and temperature transmitters accompanying an orifice plate will require periodic retesting. For other types of equipment, the meter must be either recalibrated or re-verified for accuracy at least once every two years (i.e., every eight calendar quarters), unless a consensus standard allows for less frequent calibrations or accuracy tests. For non-billing meters, the output monitoring system must either meet an accuracy of within 10% of the reference value, or each component monitor for the output system must meet an accuracy of within 3% of the full-scale value, whichever is less stringent. If testing a piece of output measurement equipment shows that the output readings are not accurate to within 3.0 percent of the full-scale value, then the equipment should be repaired or replaced to meet that requirement.

(3) *Out-of-control periods.* If testing a piece of output measurement equipment shows that the output readings are not accurate to the certification value, data remain invalid until the output measurement equipment passes an accuracy test or is replaced with another piece of equipment that passes the accuracy test. All invalid data shall be replaced by either zero or an output value that is likely to be lower than a measured value and that is approved as part of the monitoring plan required under subsection 23-808(e).

(h) *Recordkeeping and reporting.*

(1) *General provisions.* The CO₂ authorized account representative shall comply with all recordkeeping and reporting requirements in this section and

with the requirements of subsections 23-105(e) and 23-201(e).

(2) *Recordkeeping.* Facilities shall retain data used to monitor, determine, or calculate net generation for ten years.

(3) *Annual reports.* The CO₂ authorized account representative shall submit annual output reports, as follows. The data must be sent electronically by March 1 for the immediately preceding calendar year to the Agency or its agent. The annual report shall include unit level MWh, all useful steam output and a certification statement from the CO₂ authorized account representative stating the following:

“I am authorized to make this submission on behalf of the owners and operators of the CO₂ budget sources or CO₂ budget units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.”

Subchapter IX.

RESERVED

The Vermont Statutes Online

The Statutes below include the actions of the 2025 session of the General Assembly.

NOTE: The Vermont Statutes Online is an unofficial copy of the Vermont Statutes Annotated that is provided as a convenience.

Title 30 : Public Service

Chapter 005 : State Policy; Plans; Jurisdiction and Regulatory Authority of Commission and Department

Subchapter 001 : GENERAL POWERS

(Cite as: 30 V.S.A. § 255)

§ 255. Regional coordination to reduce greenhouse gases

(a) Legislative findings. The General Assembly finds:

(1) There is a growing scientific consensus that the increased anthropogenic emissions of greenhouse gases are enhancing the natural greenhouse effect, resulting in changes in the earth's climate.

(2) Climate change poses serious potential risks to human health and terrestrial and aquatic ecosystems globally, regionally, and in Vermont.

(3) A carbon constraint on fossil fuel-fired electricity generation and the development of a CO₂ allowance trading mechanism will create a strong incentive for the creation and deployment of more efficient fuel-burning technologies, renewable resources, and end-use efficiency resources and will lead to lower dependence on imported fossil fuels.

(4) Absent federal action, a number of states are taking actions to work regionally to reduce power sector carbon emissions.

(5) Vermont has joined with at least six other states to design the Regional Greenhouse Gas Initiative (RGGI), and, in 2005, Vermont's Governor signed a memorandum of understanding (MOU) signaling Vermont's intention to develop rules and programs to participate in RGGI.

(6) It is crucial to manage Vermont's implementation of RGGI and its consumption of fossil fuels for residential and commercial heating, and industrial processes, so as to maximize the State's contribution to lowering carbon emissions while:

(A) minimizing impacts on electric system reliability and unnecessary costs to Vermont energy consumers; and

(B) minimizing the costs and the emissions resulting from the use of petroleum-based fuels for space heating and process heating for residential, commercial, and industrial purposes.

(7) The accelerated deployment of low-cost process, thermal, and electrical energy efficiency, the strategic use of low- and zero-carbon generation, and the selective use of switching fuel sources are the best means to achieve these goals.

(8) It is crucial that funds made available from operation of a regional carbon credits cap and trade system be devoted to the benefit of Vermont energy consumers through investments in a strategic portfolio of energy efficiency, weatherization, and low-carbon generation resources.

(b) Cap and trade program creation.

(1) The Agency of Natural Resources and the Public Utility Commission shall, through appropriate rules and orders, establish a carbon cap and trade program that will limit and then reduce the total carbon emissions released by major electric generating stations that provide electric power to Vermont utilities and end-use customers.

(2) Vermont rules and orders establishing a carbon cap and trade program shall be designed so as to permit the holders of carbon credits to trade them in a regional market proposed to be established through the RGGI.

(c) Allocation of tradable carbon credits.

(1) The Secretary of Natural Resources, by rule, shall establish a set of annual carbon budgets for emissions associated with the electric power sector in Vermont that are consistent with the 2005 RGGI MOU, including any amendments to that MOU and any reduced carbon cap resulting from a subsequent program review by RGGI, and that are on a reciprocal basis with the other states participating in the RGGI process.

(2) In order to provide the maximum long-term benefit to Vermont consumers, particularly benefits that will result from accelerated and sustained investments in energy efficiency and other low-cost, low-carbon power system, building envelope, and other investments, the Public Utility Commission, by rule or order, shall establish a process to allocate 100 percent of the Vermont statewide budget of tradable power sector carbon credits to one or more trustees acting on behalf of consumers in accordance with the following principles. To the extent feasible, the allocation plan shall accomplish the following goals:

(A) minimize windfall financial gains to power generators as a result of the operation of the cap and trade program, considering both the costs that generators may incur to participate in the program and any power revenue increases they are likely to receive as a result of changes in regional power markets;

(B) employ an administrative structure that will enable program managers to perform any combination of holding, banking, and selling carbon credits in regional,

national, and international carbon credit markets in a financially responsible and market-sensitive fashion, and provide funds to defray the reasonable costs of the program trustee or trustees and Vermont's pro rata share of the costs of the RGGI regional organization;

(C) optimize the revenues received from the management and sale of carbon credits for the benefit of Vermont energy consumers and the Vermont economy;

(D) minimize any incentives from operation of the cap and trade program for Vermont utilities to increase the overall carbon emissions associated with serving their customers;

(E) build upon existing regulatory and administrative structures and programs that lower power and heating costs, improve efficiency, and lower the State's carbon profile while minimizing adverse impacts on electric system reliability and unnecessary costs to Vermont energy consumers, and minimizing the costs and the emissions resulting from the use of petroleum-based fuels for space heating and process heating for residential, commercial, and industrial purposes;

(F) ensure that carbon credits allocated under this program and revenues associated with their sale remain public assets managed for the benefit of the State's consumers, particularly benefits that will result from accelerated and sustained investments in energy efficiency and other low-cost, low-carbon power, or heating system or building envelope investments; and

(G) where practicable, support efforts recommended by the Agency of Natural Resources or the Department of Public Service to stimulate or support investment in the development of innovative carbon emissions abatement technologies that have significant carbon reduction potential.

(d) Appointment of consumer trustees. The Public Utility Commission, by rule, order, or competitive solicitation, may appoint one or more consumer trustees to receive, hold, bank, and sell tradable carbon credits created under this program. Trustees may include Vermont electric distribution utilities, the fiscal agent collecting and disbursing funds to support the statewide efficiency utility, or a financial institution or other entity with the expertise and financial resources to manage a portfolio of carbon credits for the long-term benefit of Vermont energy consumers. The net proceeds above costs from the sale of carbon credits shall be deposited into the Electric Efficiency Fund established under subdivision 209(d)(3) of this title. These funds shall be used by the entity or entities appointed under subdivision 209(d)(2)(B) of this title to help meet the building efficiency goals established under 10 V.S.A. § 581 by delivering heating and process-fuel energy efficiency services to Vermont consumers who use such fuel.

(e) Reports. On or before January 15 of each year, commencing in 2007, the Department of Public Service in consultation with the Agency of Natural Resources and the Public Utility Commission shall provide to the House Committees on Commerce and Economic Development; on Environment and Energy; and on Natural Resources, Fish, and Wildlife and the Senate Committees on Finance and on Natural

Resources and Energy a report detailing the implementation and operation of RGGI and the revenues collected and the expenditures made under this section, together with recommended principles to be followed in the allocation of funds. The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subsection.

(f) State action offsets. The State's negotiators to RGGI shall advocate for and negotiate to adjust the rules of the program, as needed, so that greenhouse gas reductions resulting from State investments and other public investments and investments required by State law will not be prohibited from being eligible for offsets under the program. (Added 2005, No. 123 (Adj. Sess.), § 1; amended 2007, No. 92 (Adj. Sess.), § 18; 2007, No. 209 (Adj. Sess.), § 13b; 2009, No. 54, § 105, eff. June 1, 2009; 2009, No. 1 (Sp. Sess.), § E.235.2, eff. June 2, 2009; 2011, No. 47, § 20c, eff. May 25, 2011; 2013, No. 50, § E.700; 2013, No. 89, § 4; 2013, No. 142 (Adj. Sess.), § 50; 2017, No. 113 (Adj. Sess.), § 173e.)

The Vermont Statutes Online

The Statutes below include the actions of the 2025 session of the General Assembly.

NOTE: The Vermont Statutes Online is an unofficial copy of the Vermont Statutes Annotated that is provided as a convenience.

Title 10 : Conservation and Development

Chapter 023 : Air Pollution Control

(Cite as: **10 V.S.A. § 558**)

§ 558. Emission control requirements

The Secretary may establish such emission control requirements, by rule, as in his or her judgment may be necessary to prevent, abate, or control air pollution. The requirements may be for the State as a whole or may vary from area to area, as may be appropriate to facilitate accomplishment of the purposes of this chapter, and in order to take necessary or desirable account of varying local conditions. (Added 1967, No. 310 (Adj. Sess.), § 8; amended 1971, No. 212 (Adj. Sess.), § 3.)

The Vermont Statutes Online

The Statutes below include the actions of the 2025 session of the General Assembly.

NOTE: The Vermont Statutes Online is an unofficial copy of the Vermont Statutes Annotated that is provided as a convenience.

Title 10 : Conservation and Development

Chapter 023 : Air Pollution Control

(Cite as: 10 V.S.A. § 554)

§ 554. Powers

In addition to any other powers conferred on him or her by law, the Secretary shall have power to:

(1) Appoint and employ personnel and consultants as may be necessary for the administration of this chapter.

(2) Adopt, amend, and repeal rules, implementing the provisions of this chapter.

(3) Hold hearings related to any aspect of or matter in the administration of this chapter, and in connection therewith, subpoena witnesses and the production of evidence.

(4) Issue orders as may be necessary to effectuate the purposes of this chapter and enforce the same by all appropriate administrative and judicial proceedings.

(5) Prepare and develop a comprehensive plan or plans for the prevention, abatement, and control of air pollution in this State.

(6) [Repealed.]

(7) Encourage local units of government to handle air pollution problems within their respective jurisdiction, and by compact on a cooperative basis, and to provide technical and consultative assistance therefor.

(8) Encourage and conduct studies, investigations, and research relating to air contamination and air pollution and their causes, effects, prevention, abatement, and control.

(9) Determine by appropriate means the degree of air contamination and air pollution in the State and the several parts thereof.

(10) Make a continuing study of the effects of the emission of air contaminants from motor vehicles on the quality of the outdoor atmosphere of this State and the several parts thereof, and make recommendations to appropriate public and private bodies with respect thereto.

(11) Establish ambient air quality standards for the State as a whole or for any part thereof, based on nationally recognized criteria applicable to the State of Vermont.

(12) Collect and disseminate information and conduct educational and training programs relating to air contamination and air pollution.

(13) Advise, consult, contract, and cooperate with other agencies of the State, local governments, industries, other states, interstate or interlocal agencies, and the federal government, and with interested persons or groups.

(14) Consult, upon request, with any person proposing to construct, install, or otherwise acquire an air contaminant source or device or system for the control thereof, concerning the efficacy of the device or system, or the air pollution problem that may be related to the source, device or system. Nothing in any consultation shall be construed to relieve a person from compliance with this chapter, rules in force pursuant thereto, or any other provision of law.

(15) Accept, receive, and administer grants or other funds or gifts from public and private agencies, including the federal government, for the purpose of carrying out any of the functions of this chapter. The funds received by the Secretary pursuant to this section shall be deposited in the State Treasury to the account of the Secretary.

(16) Have access to records relating to emissions that cause or contribute to air contamination. (Added 1967, No. 310 (Adj. Sess.), § 4; amended 1971, No. 212 (Adj. Sess.), § 3; 1989, No. 98, § 4(b).)



Proposed Rules Postings

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Deadline For Public Comment

Deadline: Apr 06, 2026

The deadline for public comment has expired. Contact the agency or primary contact person listed below for assistance.

Rule Details

Rule Number:	26P003
Title:	Proposed Amendments to the Vermont CO2 Budget Trading Program Rule.
Type:	Standard
Status:	Final Proposed
Agency:	Agency of Natural Resources
Legal Authority:	30 V.S.A. § 255, 10 V.S.A. § 558, 10 V.S.A. § 554
Summary:	The proposed rule amends the Vermont CO2 Budget Trading Program Rule which implements the Regional Greenhouse Gas Initiative (RGGI) in Vermont. The amendments reflect revisions to the RGGI Model Rule agreed to by participating states (CT, DE, ME, MD, MA, NH, NJ, NY, RI, and VT) during the most recent program review. Most notably, the proposed amendments reduce the regional carbon dioxide (CO2) emissions cap in 2027 to 69.8 million tons of CO2 from 75.7 million tons under the previous rule. Then, from 2034 through 2037, the cap will decline by 2.4 million tons of CO2 annually. The proposed amendments also revise the existing Cost Containment Reserve (CCR) to ensure availability of RGGI allowances to meet grid reliability needs and mitigate cost volatility; increase the minimum reserve price, the lowest price at which allowances may be sold at auction; eliminate the use of offset allowances; and include other miscellaneous updates.
Persons Affected:	Fossil fuel-fired electric generating units that have a nameplate capacity equal to or greater than 25 megawatts and electricity customers.
Economic Impact:	A macro-economic impact study concluded that RGGI states could see a range of small but generally positive impacts on employment, gross regional product, and real personal income, with increased future availability of renewable energy resulting in greater benefits. In Vermont, over the years 2025 to 2040, employment could increase by up to 0.025, gross state product by up to 0.027, and real disposable income by up to 0.019 as compared to the reference case. A near-zero percent impact on Vermont electric rates is anticipated. Rates for residential, commercial, and industrial consumers are projected to decrease slightly (1) if renewable energy keeps pace with demand and increase slightly (0.25) if it does not. Investments of RGGI proceeds in energy efficiency programs amplify any decrease or mitigate any increase in consumer costs. Reduced emissions could lead to additional health and environmental benefits and cost savings.
Posting date:	Feb 25, 2026

Hearing Information

	Information for Hearing # 1
Hearing date:	03-30-2026 4:00 PM ADD TO YOUR CALENDAR
Location:	Limestone Conference Room
Address:	One National Life Drive, Davis 3

City: Montpelier
State: VT
Zip: 05620-3901
Hearing Notes: Also virtually via MS Teams at: <https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting> Meeting ID: 287 821 831 757 5 Passcode: oT2Yd36E
Information for Hearing # 2
Hearing date: 03-30-2026 4:00 PM [ADD TO YOUR CALENDAR](#)
Location: Virtually via MS Teams
Address: <https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting>
City: Meeting ID: 287 821 831 757 5 Passcode: oT2Yd36E
State: VT
Zip: n/a
Hearing Notes: Virtually via MS Teams at: <https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting> Meeting ID: 287 821 831 757 5 Passcode: oT2Yd36E

Contact Information

Information for Primary Contact

PRIMARY CONTACT PERSON - A PERSON WHO IS ABLE TO ANSWER QUESTIONS ABOUT THE CONTENT OF THE RULE.

Level: Primary
Name: Brian Woods
Agency: Agency of Natural Resources
Address: 1 National Life Drive, Davis 2
City: Montpelier
State: VT
Zip: 05620-3802
Telephone: 802-272-4496
Fax:
Email: brian.woods@vermont.gov
[SEND A COMMENT](#)

Website: <https://dec.vermont.gov/air-quality/laws-and-regulations/recently-adopted-and-proposed-regulations>
Address: [VIEW WEBSITE](#)

Information for Secondary Contact

SECONDARY CONTACT PERSON - A SPECIFIC PERSON FROM WHOM COPIES OF FILINGS MAY BE REQUESTED OR WHO MAY ANSWER QUESTIONS ABOUT FORMS SUBMITTED FOR FILING IF DIFFERENT FROM THE PRIMARY CONTACT PERSON.

Level: Secondary
Name: Rachel Stevens
Agency: Agency of Natural Resources
Address: 1 National Life Drive, Davis 3,
City: Montpelier
State: VT
Zip: 05620
Telephone: 802-636-7236
Fax:
Email: rachel.stevens@vermont.gov
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Keyword Information

Keywords:

Regional Greenhouse Gas Initiative
RGGI
CO2
cap and trade
greenhouse gas

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PROPOSED STATE RULES

By law, public notice of proposed rules must be given by publication in newspapers of record. The purpose of these notices is to give the public a chance to respond to the proposals. The public notices for administrative rules are now also available online at <https://secure.vermont.gov/SOS/rules/>. The law requires an agency to hold a public hearing on a proposed rule, if requested to do so in writing by 25 persons or an association having at least 25 members.

To make special arrangements for individuals with disabilities or special needs please call or write the contact person listed below as soon as possible.

To obtain further information concerning any scheduled hearing(s), obtain copies of proposed rule(s) or submit comments regarding proposed rule(s), please call or write the contact person listed below. You may also submit comments in writing to the Legislative Committee on Administrative Rules, State House, Montpelier, Vermont 05602 (802-828-2231).

Proposed Amendments to the Vermont CO2 Budget Trading Program Rule.

Vermont Proposed Rule: 26P003

AGENCY: Agency of Natural Resources

CONCISE SUMMARY: The proposed rule amends the Vermont CO2 Budget Trading Program Rule which implements the Regional Greenhouse Gas Initiative (RGGI) in Vermont. The amendments reflect revisions to the RGGI Model Rule agreed to by participating states (CT, DE, ME, MD, MA, NH, NJ, NY, RI, and VT) during the most recent program review. Most notably, the proposed amendments reduce the regional carbon dioxide (CO2) emissions cap in 2027 to 69.8 million tons of CO2 from 75.7 million tons under the previous rule. Then, from 2034 through 2037, the cap will decline by 2.4 million tons of CO2 annually. The proposed amendments also revise the existing Cost Containment Reserve (CCR) to ensure availability of RGGI allowances to meet grid reliability needs and mitigate cost volatility; increase the minimum reserve price, the lowest price at which allowances may be sold at auction; eliminate the use of offset allowances; and include other miscellaneous updates.

FOR FURTHER INFORMATION, CONTACT: Brian Woods, Agency of Natural Resources, 1 National Life Dr., Davis 2, Montpelier, VT 05620 Tel: 802-272-4496 E-Mail: brian.woods@vermont.gov URL:

<https://dec.vermont.gov/air-quality/laws-and-regulations/recently-adopted-and-proposed-regulations>.

FOR COPIES: Rachel Stevens, Agency of Natural Resources, 1 National Life Dr., Davis 3, Montpelier, VT 05620 Tel: 802-636-7236 E-Mail: rachel.stevens@vermont.gov.