Combined Heat and Power Amendments to 310 CMR 7.70
Massachusetts CO_2 Emission Budget Trading Program Regulation

ADD the following Definitions

310 CMR 7.70(1) CO_2 Budget Trading Program General Provisions.

(b) Definitions

Combined Heat and Power (CHP) CO_2 Budget Source. A CO_2 Budget Source that contains one or more CO_2 Budget Units which generate electrical and Useful Thermal Energy in a single integrated system.

Useful Net Thermal Energy**.** Energy (a) in the form of direct heat, steam, hot water, or other thermal form that is used in production and beneficial measures for heating, cooling, humidity control, process use, or other valid thermal end use energy requirements, and (b) for which fuel or electricity would otherwise be consumed.

Useful Thermal Energy Account. An account established for the purpose of retiring allowances pursuant to 310 CMR 7.70(5)(c)5.b.

ADD
310 CMR 7.70(1)

(h) Exemption for any CO_2 Budget Source that is a Combined Heat and Power CO_2 Budget Source.

1. Applicability. Notwithstanding 310 CMR 7.70(1)(d) of this regulation, a CO_2 budget source under 310 CMR 7.70(1) of this regulation that is a Combined Heat and Power CO_2 Budget Source that sells its Useful Thermal Energy shall comply with all of the provisions of this regulation, except that it may subtract from its total CO_2 emissions recorded for compliance under 310 CMR 7.70(6) the amount of CO_2 emissions associated with the production of Useful Net Thermal Energy as long as it complies with all of the provisions in 310 CMR 7.70(1)(h).
2. Compliance. Combined Heat Power CO2 Budget sources shall comply with the compliance requirements in 310 CMR 7.70(6)(e)2.
3. Monitoring and Reporting. A CO_2 budget source that is a Combined Heat and Power CO_2 Budget Source shall monitor and report the amount of annual gross generation of CO_2 emissions (expressed in tons) associated with the production of Useful Net Thermal Energy pursuant to 310 CMR 7.70(8)(i) for the control period beginning 2015 and each year thereafter.
4. Change to Previously Reported Emissions. A CO_2 Budget Source that is a Combined Heat and Power CO_2 Budget Source that previously reported its annual gross generation of CO_2 emissions for the interim control periods of 2015 and 2016 pursuant to 310 CMR 7.70(4)(a), but did not deduct its CO_2 emission associated with the production of useful net thermal energy as allowed for under 310 CMR 7.70(1)(h), may change its

Compliance Report under 310 CMR 7.70(4)(a)3.d. and e., to deduct the amount CO_2 emissions from the production of net useful thermal energy as quantified under 310 CMR 7.70(8)(i).

5. Expiration of Exemption. A CO_2 budget source that generates useful net thermal energy is no longer eligible under 310 CMR 7.70(6)(e)2. to have the Department deduct the number of tons of CO_2 emissions attributable to the production of useful net thermal energy after the date on which an existing contract that was entered into prior to [date of promulgation] between the combined heat and power CO_2 budget source and purchasers of useful net thermal energy expire, or the end of 2021, whichever is earlier.

ADD

310 CMR 7.70(5) CO_2 Allowance Allocations.

(c) CO_2 Allowance Allocations

5. Useful Net Thermal Energy Retirement Account.

a. Pursuant to 310 CMR 7.70(5)(c)4.c., the Department shall create a useful net thermal energy retirement account in the RGGI CO_2 Allowance Tracking System for the purpose of retiring CO_2 allowances equal to the amount of CO_2 emissions associated with the production of useful net thermal energy from combined heat and power budget sources.

b. Each year, the Department shall retire CO_2 allowances equal to the amount of CO_2 emissions associated with the production of useful net thermal energy during the prior calendar year, as quantified and reported by the CO_2 authorized account representative pursuant to under 310 CMR 7.70(8)(i).

AMEND

310 CMR 7.70(6) CO2 Allowance Tracking System.

(e) Compliance

2. Deduction for compliance. Following the recordation, in accordance with 310 CMR 7.70(7)(b). of the CO_2 allowances transfer submitted for recordation in the CO_2 budget source's compliance account by the CO_2 allowance transfer deadline for a control period or interim control period, the Department, or its agent shall deduct CO_2 allowances available under 310 CMR 7.70(6)e.1. to cover the source's CO_2 emissions (as determined in accordance with 310 CMR 7.70(8)) for the control period or the interim control period, as follows:

a. Until the amount of CO_2 allowances deducted equals the number of tons of total CO_2 emissions (or 0.50 times the number of tons of total CO_2 emissions for the interim control period), less any CO_2 emission attributable to the burning of eligible biomass or the production of useful net thermal energy, determined in accordance with 310 CMR

7.70(8), from all CO_2 budget units at the CO_2 budget source for the control period or interim control period; or

ADD

310 CMR 7.70(8) Monitoring and Reporting

(i) CO_2 Budget Units That Generate Useful Net Thermal Energy.

1. The CO_2 authorized account representative of a combined heat and power CO_2 budget source that generates useful net thermal energy shall report the following information to the Department or its agent for each calendar quarter:

a. The total amount of useful net thermal energy output produced from the CO_2 budget unit(s) at the combined heat and power CO_2 budget source expressed in MMBtu, the total volume of steam output produced from the CO_2 budget unit(s) at the combined heat and power CO_2 budget source expressed in cubic feet, the average pressure of the steam output produced from the CO_2 budget unit(s) at the combined heat and power CO_2 budget source expressed in pounds per square inch, and the average temperature of the steam expressed in degrees Fahrenheit. The amount of net thermal energy output shall be determined in a manner consistent with the requirements of 40 CFR Part 75.

b. The total amount of CO_2 emissions from the CO_2 budget unit associated with the production of useful net thermal energy, in tons, calculated in accordance with 310 CMR 7.70(8)(i)2.

2. The quantity of CO_2 emissions associated with the production of useful net thermal energy shall be determined by the following equation (rounded to the nearest whole ton):

$$\frac{\text{UNTE}/.80 \times 122 \text{ lb/MMBtu}}{2000 \text{ lb/ton}}$$

Where:

UNTE = useful net thermal energy (in MMBtu Output) generated by CO_2 budget units at the combined heat and power CO_2 budget source during the quarter.