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Argus Air Daily

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LATEST NEWS

New Jersey seeks stay of Clean Power Plan

New Jersey governor Chris Christie (R) yesterday asked the US Environmental Protection Agency to reconsider its new CO₂ regulations for power plants, saying they unfairly penalize states that have already made significant emissions cuts.

Christie, through the state Department of Environmental Protection (DEP), petitioned EPA to issue an administrative stay of the Clean Power Plan and reconsider the regulations. Christie says the final regulations, announced last month, needlessly punish the state by requiring it to make further emissions cuts, despite already having one of the lowest CO₂ rates in the US.

"This is a fundamentally flawed plan that threatens the progress we have already made in developing clean and renewable energy in New Jersey without the heavy-handed over-reach of Washington," Christie said.

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California carbon allowances					\$/t
Vintage	Delivery	Bid	Ask	Price	±
2015	Sep 15	12.61	12.65	12.63	-0.01
2015	Dec 15	12.70	12.74	12.72	-0.01
2016	Dec 16	12.85	13.37	13.11	-0.05

California volume-weighted averages					\$/t
Vintage	Delivery	Low	High	VWA	MTD
2015	Dec 15	12.71	12.73	12.72	12.74
Vintage	Delivery	Trades	MTD	Volume	MTD
2015	Dec 15	11	29	1,910,000	8,510,000

KEY MARKET PRICES

REC market prices					\$/MWh
	Vintage	Bid	Ask	Price	±
Massachusetts					
Class I	2015	49.50	50.50	50.00	0.00
Class I	2016	49.00	50.00	49.50	0.00
Solar	2015	470.00	480.00	475.00	+5.00
Connecticut					
Class I	2015	48.50	50.50	49.50	0.00
Class I	2016	47.20	49.50	48.35	0.00
Class III	2015	25.00	28.50	26.75	0.00
Class III	2016	25.00	28.00	26.50	0.00
New Jersey					
Class I	2015	15.00	16.00	15.50	+0.87
Class I	2016	15.25	16.25	15.75	+1.10
Class II	2015	1.00	2.00	1.50	0.00
Class II	2016	4.50	8.50	6.50	0.00
Solar	2015	227.00	235.00	231.00	0.00
Solar	2016	227.00	238.00	232.50	0.00
Pennsylvania					
Tier I	2016	14.75	16.00	15.38	+0.88
Solar	2016	18.00	30.00	24.00	+2.50
Maryland					
Tier I	2015	14.50	16.00	15.25	+0.40
Ohio					
Non-solar	2015	1.50	3.00	2.25	0.00
California					
Category 3	2015	0.50	1.25	0.88	0.00
Texas					
Compliance	2015	0.35	0.55	0.45	0.00
National Green-e (voluntary)					
Wind	1H15	0.35	0.40	0.38	0.00
Wind	2H15	0.40	0.55	0.48	0.00
WECC Green-e (voluntary)					
Wind	1H15	0.35	0.60	0.48	0.00
Wind	2H15	0.40	0.70	0.55	0.00

SO ₂ and NO _x allowances					
Vintage	Vintage	Bid	Ask	Price	±
SO ₂ \$/allowance					
Acid Rain Program	2015	0.60	0.90	0.75	0.00
Cross-State Group 1	2015	4.00	10.00	7.00	0.00
Cross-State Group 2	2015	10.00	45.00	27.50	-7.50
Cross-State	Group average			17.25	-3.75
NO _x \$/st					
Cross-State annual	2015	155.00	180.00	167.50	0.00
Cross-State seasonal	2015	265.00	295.00	280.00	0.00

CO2 ASSESSMENTS

RGGI CO ₂ allowances						\$/st
Vintage	Delivery	Bid	Ask	Price		±
2015-17	Spot	6.01	6.05	6.03		0.00
2015-17	Dec 15	6.05	6.09	6.07		0.00
RGGI CO ₂ volume-weighted averages						\$/st
Vintage	Delivery	Low	High	VWA	MTD	
2015-17	Dec 15	6.07	6.07	6.07		6.08
CER (secondary)						€/t CO ₂ e
	Delivery	Bid	Ask	Price		±
CER	Dec 15	0.50	0.53	0.52		-0.01
EUA-CER spread	Dec 15			7.68		0.07
California carbon price for gasoline, diesel						¢/USG
Fuel	Price	±	Price			±
Carbob	Summer		Winter			
Regular	10.18	-0.01	10.15			-0.01
Midgrade	10.15	-0.01	10.15			-0.01
Premium	10.13	-0.01	10.16			-0.01
Distillate			ULSD No. 2			
Ultra-low sulfur diesel			12.93			-0.01
Quebec carbon price for gasoline, diesel						CA¢/l
Fuel	Price					±
Gasoline			3.74			-0.03
Diesel			4.65			-0.04

The state's petition contends the Clean Power Plan fails to give New Jersey proper credit for renewable energy resources developed under its renewable portfolio standard (RPS), warns it will lead to higher energy costs and argues it is legally flawed.

DEP said the state should be given credit for the 32pc reduction in power sector CO₂ emissions it achieved from 2001-2012. The state's RPS requires 22.5pc of electricity sales to come from renewables by 2021.

The Clean Power Plan requires states to meet CO₂ rate or overall emissions targets from 2022-2030. EPA set a 16.6mn short ton target for New Jersey to reach by 2030, compared with 2012 emissions of 15.2mn st. EPA estimates New Jersey's emissions will increase to 21.3mn st by 2020 in the absence of the Clean Power Plan.

The New Jersey petition comes as Christie is seeking the Republican Party's nomination for president. New Jersey used to be a member of the Regional Greenhouse Gas Initiative (RGGI) CO₂ trading program covering power sector emissions in the northeast US. Christie withdrew the state from RGGI in 2011, calling the program "nothing more" than a tax that does little to help the environment.

California deals done						
Date	Type	Transaction	Vintage	Volume mt	Price \$	
3 Sep	CCA (ICE)	Future (Dec 15)	2015	50,000	12.73	
3 Sep	CCA (ICE)	Future (Dec 15)	2015	150,000	12.73	
3 Sep	CCA (ICE)	Future (Dec 15)	2015	100,000	12.73	
3 Sep	CCA (ICE)	Future (Sep 15)	2018	150,000	12.61	
3 Sep	CCA (ICE)	Future (Sep 15)	2015	50,000	12.63	
3 Sep	CCA (ICE)	Future (Sep 15)	2015	100,000	12.63	
3 Sep	CCA (ICE)	Future (Sep 15)	2015	100,000	12.63	
3 Sep	CCA (ICE)	Future (Dec 15)	2015	100,000	12.71	
3 Sep	CCA (ICE)	Spread (Dec 15)		50,000	0.00	
3 Sep	CCA (ICE)	Future (Sep 15)	2015	5,000	12.63	
3 Sep	CCA (ICE)	Future (Sep 15)	2015	25,000	12.63	
3 Sep	CCA (ICE)	Future (Dec 15)	2017	100,000	12.71	
3 Sep	CCA (ICE)	Future (Sep 15)	2015	5,000	12.63	
3 Sep	CCA (ICE)	Future (Sep 15)	2015	5,000	12.63	
3 Sep	CCA (ICE)	Future (Sep 15)	2015	50,000	12.62	
3 Sep	CCA (ICE)	Future (Dec 15)	2015	125,000	12.71	
3 Sep	CCA (ICE)	Future (Sep 15)	2015	125,000	12.62	
3 Sep	CCA (ICE)	Future (Dec 15)	2015	100,000	12.71	
3 Sep	CCA (ICE)	Future (Dec 15)	2015	25,000	12.71	
3 Sep	CCA (ICE)	Future (Sep 15)	2015	100,000	12.62	
3 Sep	CCA (ICE)	Future (Dec 15)	2015	160,000	12.72	
3 Sep	CCA (ICE)	\$12.75 Put (Dec 15)	2015	100,000	0.15	
3 Sep	CCA (ICE)	\$10 Put (Dec 15)	2015	250,000	0.04	
3 Sep	CCA (ICE)	Spread (Dec 15)		100,000	0.00	
3 Sep	CCA (ICE)	Spread (Dec 15)		50,000	0.00	
3 Sep	CCA (ICE)	Future (Sep 15)	2015	200,000	12.63	
3 Sep	CCA (ICE)	Future (Dec 15)	2015	200,000	12.72	
3 Sep	CCA (ICE)	Future (Sep 15)	2015	500,000	12.63	
3 Sep	CCA (ICE)	Future (Dec 15)	2015	400,000	12.72	
3 Sep	CCA (ICE)	Future (Sep 15)	2015	400,000	12.63	
3 Sep	CCA (ICE)	Future (Dec 15)	2015	500,000	12.72	
3 Sep	CCA (ICE)	Future (Dec 16)	2016	500,000	13.11	
3 Sep	CCA (ICE)	Future (Dec 15)	2017	500,000	12.72	
3 Sep	CCA (ICE)	Future (Dec 16)	2017	500,000	13.11	

RGGI deals done						
Date	Type	Transaction	Vintage	Volume st	Price \$	
3 Sep	RGGI (ICE)	Future (Sep 15)	2015	25,000	\$6.02	
3 Sep	RGGI (ICE)	Future (Dec 15)	2015	100,000	\$6.07	
3 Sep	RGGI (ICE)	Future (Sep 15)	2015	20,000	\$6.03	
3 Sep	RGGI (ICE)	Future (Dec 15)	2015	200,000	\$6.07	
3 Sep	RGGI (ICE)	Future (Dec 15)	2015	100,000	\$6.07	
3 Sep	RGGI (ICE)	Future (Dec 17)	2015	100,000	\$6.50	
3 Sep	RGGI (ICE)	Future (Dec 15)	2015	500,000	\$6.07	
3 Sep	RGGI (ICE)	Future (Dec 17)	2015	500,000	\$6.49	

RECs deals done					
Date	Type	Transaction	Vintage	Volume MWh	Price \$
3 Sep	PJM Class I (ICE)	Future (Jul 16)	2016	5,000	14.75
3 Sep	PJM Class I (ICE)	Future (Jul 16)	2016	10,000	14.50
3 Sep	PJM Class I (ICE)	Future (Jul 17)	2017	10,000	15.50
3 Sep	PJM Class I (ICE)	Future (Jul 18)	2018	10,000	16.00
3 Sep	NJ Class I (ICE)	Future (Jul 17)	2017	10,000	15.50
3 Sep	PJM Class I (ICE)	Future (Jul 17)	2017	10,000	16.00
3 Sep	PJM Class I (ICE)	Future (Jul 16)	2016	5,000	15.00
3 Sep	PJM Class I (ICE)	Future (Jul 17)	2017	10,000	16.50
3 Sep	PJM Class I (ICE)	Future (Jul 18)	2018	10,000	17.00
3 Sep	MA Solar (ICE)	Future (May 16)	2015	500	475.00
3 Sep	PJM Class I (ICE)	Future (Jul 16)	2016	10,000	16.00
3 Sep	PJM Class I (ICE)	Future (Jul 16)	2016	10,000	16.00
3 Sep	PJM Class I (ICE)	Future (Jul 16)	2016	10,000	16.00
3 Sep	PJM Class I (ICE)	Future (Jul 17)	2017	10,000	16.50
3 Sep	PJM Class I (ICE)	Future (Jul 18)	2018	10,000	17.00
3 Sep	PJM Class I (ICE)	Future (Jul 19)	2019	10,000	17.00
3 Sep	PJM Class I (ICE)	Future (Jul 16)	2016	5,000	16.50
3 Sep	PJM Class I (ICE)	Future (Jul 16)	2016	5,000	16.00
3 Sep	PJM Class I (ICE)	Future (Jul 17)	2017	5,000	16.50
3 Sep	PJM Class I (ICE)	Future (Jul 17)	2017	5,000	16.00
3 Sep	PJM Class I (ICE)	Future (Jul 16)	2016	10,000	15.75
3 Sep	PJM Class I (ICE)	Future (Jul 17)	2017	5,000	16.50
3 Sep	NJ Class I (ICE)	Future (Jul 17)	2017	5,000	16.50

MARKET SUMMARY

CCAs continue slide in brisk trading

California Carbon Allowances (CCAs) continued to move lower today as trading remained robust for the third consecutive day.

A total of 5.33mn tonnes of CCAs traded in 34 deals for vin-

GAS-IMPLIED, CARBON-ADJUSTED SPARK SPREADS

Adjusted heat rates and carbon cost				
Marginal unit	NP15		SP15	
	Heat rate mmBtu/ MWh	Carbon cost \$/MWh	Heat rate mmBtu/ MWh	Carbon cost \$/MWh
Gas-implied	10.188	6.89	11.936	8.07
Carbon-adjusted	8.356	5.65	9.528	6.44
Western grid electric exports				5.44
Bonneville Power Administration exports				0.28
Powerex electric exports				0.45

Adjusted spark spreads				\$/MWh
Heat rate	7	8	10	12
NP15				
Gas-implied	9.84	6.75	0.58	-5.59
Carbon-adjusted	5.10	1.34	-6.18	-13.71
Carbon cost	4.73	5.41	6.76	8.12
SP15				
Gas-implied	13.20	10.53	5.18	-0.17
Carbon-adjusted	8.47	5.12	-1.58	-8.29
Carbon cost	4.73	5.41	6.76	8.12

The data display the spread of fuel and carbon costs of running a power plant compared with the power price at NP15 and SP15, along with the carbon cost per heat-rate and for unspecified power imports. Data for SP15 uses the day-ahead power price at SP15 and the day-ahead gas price at SoCal. Data for NP15 uses the day-ahead power price at NP15 and the day-ahead gas price at PG&E Citygates. Both use the assessed price of current year CCAs for December delivery for carbon costs. For more information about this data, please contact airdaily@argusmedia.com or +1 (202) 775-0240.

Associated day-ahead power and natural gas markets		
	Mid	±
Power NP15 peak price \$/MWh	31.43	-2.13
Power NP15 off-peak price \$/MWh	26.46	-1.79
Power SP15 peak price \$/MWh	31.93	-2.27
Power SP15 off-peak price \$/MWh	26.68	-1.90
Natural gas PG&E Citygates index \$/mmBtu	3.08	-0.02
Natural gas SoCal Gas Co index \$/mmBtu	2.68	-0.05

— for methodology and more data, see
Argus Natural Gas Americas

tages 2015-18. Most of the deals and volume exchanged hands for vintage 2015 CCAs. Vintage 2015 CCAs for prompt-month delivery traded 13 times for about 1.67mn t of CCAs, with the price dipping by 1¢ to \$12.63/t. December-delivery CCAs also lost a penny to close at \$12.72/t after more than 1.9mn moved in 11 deals.

PJM Class I renewable energy certificates (RECs) recovered yesterday's losses after 23 deals, totaling 180,000 RECs, on the Intercontinental Exchange for a mix of the 2016-19 vintages. The 2016-17 vintages accounted for over three-quarters of the volume. The 2016 vintage traded at \$14.75/MWh early in the

session and ended the day trading at \$15.75/MWh. Most deals were for 5,000-10,000 RECs each.

A deal for 5,000 New Jersey Class I RECs for 2017 traded at \$16.50/MWh, flat with a trade for PJM Class I RECs for 2017 that tri-qualify in New Jersey, Pennsylvania and Maryland. The 2016 New Jersey Class I RECs finished at \$15.75/MWh, up by \$1.10 from yesterday.

Regional Greenhouse Gas Initiative (RGGI) CO₂ allowance prices firmed up today. The December-delivery 2015 allowances held at \$6.07/short tons on four deals totaling 900,000st, while spot price held at \$6.03/st on two deals for 45,000st.

NEWS

Southern buys into California solar project

Southern Co. has acquired a controlling stake in a 300MW solar project in southern California as part of its recent incursion into the market for solar generation.

The deal for the Desert Stateline project gives Southern Power rights to a 51pc equity stake, with developer First Solar holding on to the remaining share, Southern said yesterday. Generation and renewable energy credits will be sold to Southern California Edison (SCE) under a 20-year power purchase agreement (PPA) when the plant comes on line in late 2016.

The deal mirrors Southern Power's purchase this week of a 51pc stake in the 200MW Tranquility Solar Facility from Canadian Solar subsidiary Recurrent Energy, also contracted with SCE over a 15-year PPA. Terms for both deals were not disclosed.

Southern views its relationship with developers such as

First Solar as a way to access a development pipeline of renewable energy projects needed to diversify its fuel-mix ahead of federal CO₂ regulations, adding renewable capacity in step with strategic future build outs to its natural gas-fired fleet.

The regulations, known as the Clean Power Plan, were also a factor in the company's recently announced \$8bn purchase of Atlanta-based natural gas company AGL Resources.

"And as a consequence of the Clean Power Plan, we are going to have to add in our territory more gas assets, more renewables and more generation in general," Southern chief executive Tom Fanning said.

Seasonal NO_x allowance transfers, 2 Sep st

Transferor	Transferee	Vintage	Volume	Type
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EPA reported no transfers for today

See methodology at end of report

Annual NO_x allowance transfers, 2 Sep st

Transferor	Transferee	Vintage	Volume	Type
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FirstEnergy	PPL	2015	1000	CSAPR
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FirstEnergy	UGI	2015	300	CSAPR
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See methodology at end of report

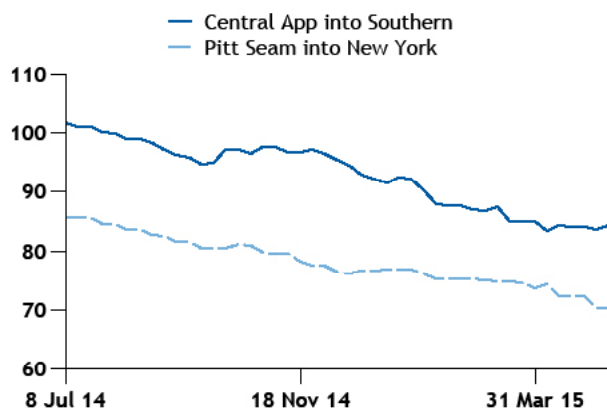
SO₂ allowance transfers, 2 Sep st

Transferor	Transferee	Vintage	Volume	Type
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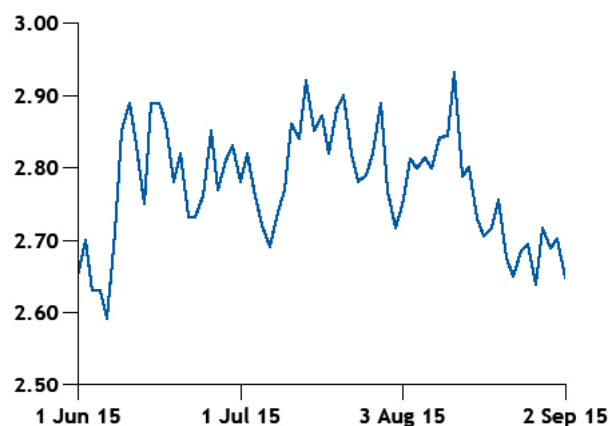
EPA reported no transfers for today

See methodology at end of report

Delivered SO₂-adjusted coal prices \$/st



Nymex natural gas \$/mmBtu



Projects in states like California, which has a renewable portfolio standard, could be attractive as local utilities would be more eager or able to sign PPAs to help with compliance.

Desert Stateline is Southern's fourth project with First Solar, but the first for its wholesale merchant operation. The companies previously partnered for 333MW of solar capacity contracted to Southern subsidiary Georgia Power.

Altogether, Southern has deployed about 3,330MW of renewable capacity since 2012, with about 1,450MW of that owned by Southern Power. Southern's Alabama Power subsidiary this week gained state approval to build or procure power from 500MW of renewable capacity in the coming years.

Virginia begins energy financing program

Virginia has launched a program to help finance energy efficiency, renewables, alternative fuel or energy conservation projects.

The new Sustainable and Verifiable Energy Savings (SAVES) program will provide the public and private sectors with loans to reduce "energy consumption and save on energy costs," Virginia governor Terry McAuliffe (D) said yesterday.

The financing could help spur renewable capacity to support the state's voluntary goal of having 15pc of power sales come from renewables by 2025.

The funding can be used for renewable energy resources such as solar, biomass, geothermal, methane capture and combined heat and power systems. Projects for electric vehicles or infrastructure to fuel vehicles with biofuels, compressed or liquefied natural gas or propane can also qualify for financing.

Projects should be able to demonstrate a payback of

the loan within 10 years or sooner. Loans could range from \$500,000-\$5mn.

The state provided initial financing for the program totaling \$20mn from federal Qualified Energy Conservation Bonds. Last year, McAuliffe authorized the use of the bonds and directed the state's energy agency to develop a "green community program." The bonds will be issued to private borrowers by the Virginia Small Business Finance Authority. The Virginia Resource Authority will issue bonds for public borrowers.

The program will be administered by North Carolina-based CleanSource Capital, which provides financing programs and advice to the energy efficiency industry.

States to prove qualified biomass for CO₂ rule

US states will have to assess and prove that the biomass they plan to use to comply with the US Environmental Protection Agency's Clean Power Plan is "qualified biomass," the agency says.

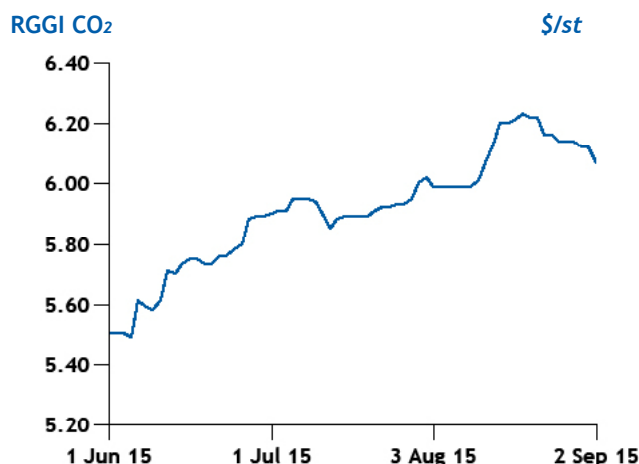
States will outline in their compliance plans the types of biomass that are being proposed for use and why the biomass should qualify, including an explanation of the proposed valuation of biogenic CO₂ emissions.

Waste-derived biogenic feedstocks and certain forest and agriculture-derived industrial by-product feedstocks "would likely be approvable," the EPA said, when proposed with adequate monitoring, reporting and verification requirements.

Sustainably derived agricultural and forest biomass feedstocks "may also be acceptable," if plans prove that the feedstocks control CO₂ level increases and can provide "sufficient measures to monitor and verify feedstock sources and related sustainability practices," EPA said. The use of "some kinds of biomass" can offer several environmental benefits, the agency said. But these benefits can be realized only if the feedstocks are responsibly sourced.

North American wood pellet producers are hopeful that pellets now produced for export to European utilities will qualify under the Clean Power Plan. A domestic industrial wood pellet market, pending approval from the EPA, would help soak up the significant amount of new production capacity planned in the US in the coming years.

US industrial demand will help support the wood pellet market up until and beyond the UK's so-called "cliff edge" in 2027 – when state support for biomass projects will end – according to Maine-based consultancy group FutureMetrics president Bill Strauss. Industry participants that have been frustrated by the UK hindering support for biomass are buoyed by the



fact that the US is paving the way for more biomass burn.

Enviva, the largest pellet producer in the US, has praised the EPA for "opening the door to coal-to-biomass conversions." Utilizing wood biomass for energy will support the continued growth of forests, as outlined by a US Department of Agriculture report, it said.

States can use information from the EPA's revised Framework for Assessing Biogenic Carbon Dioxide for Stationary Sources, the Scientific Advisory Board's peer review of that report, and state and third-party programs to assist them when considering the role of qualified biomass in compliance plans, the EPA said.

States must submit initial plans to the EPA by 6 September 2016 and final plans by 6 September 2018.

The US Industrial Pellet Association will work to inform firms on the potential for biomass burn in the meantime.

Wood pellets produced from low-grade, sustainably sourced fiber and that are exported to European generators should be deemed qualified biomass. "We, as an industry, will have conversations with companies in heavy-coal producing states to encourage conversions," pellet association executive director Seth Ginther said.

Post-2020 rules weaken EU ETS cap: CMIA

Post-2020 rules proposed for the EU emissions trading scheme (ETS) will fail to ensure that the program achieves the 43pc reduction by 2030 envisaged, industry group Climate Markets and Investment Association (CMIA) has said.

Instead, EU ETS emissions will decrease by only 38pc below 2005 levels by 2030, CMIA said in a new policy paper.

Enabling the release of 100mn allowances/yr – or 5pc of 2005 emissions – from the market stability reserve, in case of shortage, will allow ETS emissions to exceed the cap by 5pc/yr, it said.

The reserve's flexibility weakens its ability to trim the huge EU ETS surplus, and the post-2020 proposal makes it even less likely that emissions will be cut by 43pc against 2005 levels by 2030.

The European Commission's proposal for phase 4 (2020-30) of the EU ETS, unveiled in July, contained two loopholes that will allow around 450mn allowances to "escape" from the reserve.

The document designated 250m allowances from the MSR for "new entrants and significant production increases", along with 150mn of unallocated phase 3 (2013-20) allowances to be placed directly in the new entrants' fund.

To fix these flaws, no reserve allowances should be released in any one year, if the EU ETS cap has been exceeded in the previous two years, the CMIA said.

This will help EU ETS emissions meet the cap at least once every three years. An reserve filled with around 2bn allowances could allow emissions to exceed the cap for another 20 years, it added.

The CMIA has called for the abolishment of measures under the post-2030 directive that will enable surplus phase 3 allowances to be released from the reserve and enter the market.

The EU should calibrate the ETS in line with its international commitment to raise its 40pc GHG target for 2030, should negotiators finalize a sufficiently ambitious successor agreement to the Kyoto Protocol this year.

EU ETS allowance supply must, at the very least, be aligned to meet the EU's target of a 40pc domestic reduction, the group said.

Argus California Carbon and LCFS Summit

October 5-7, 2015
Marriott Hotel & Spa
Napa Valley, California

Join Argus, California regulatory leaders and 200 senior level risk managers, traders and compliance and regulatory executives to discuss the impact of California's post-2020 climate plans and federal emissions initiatives on the power and transportation fuels sectors.

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ANNOUNCEMENTS

Because of a change in market conditions, *Argus* is proposing to change the way it assesses Connecticut Class III (PA007009) New Jersey Class II (PA004542), California category 3 (PA0010670) and Texas compliance RECs (PA009999). Under this proposal, *Argus* would assess these markets once a week - normally on a Friday - instead of daily. Each assessment would reflect the market's value at 5pm EST on the day of publication, in line with the existing daily assessments. *Argus* would also discontinue publication of the monthly indexes - an average of the month's daily assessments - that it currently publishes at the end of the month for each of these three markets.

Argus will be accepting comments on this change up to 18 September. To discuss this proposal, please contact Air Daily editor Michael Ball at michael.ball@argusmedia.com or 202-349-2861. Formal comments should be marked as such and may be submitted via email to airdaily@argusmedia.com or by post to Michael Ball, Argus Media Inc., 1012 14th Street NW, Washington, DC 20009 and received by 18 September. Please note, formal comments will be published after the consultation period unless confidentiality is specifically requested.

Following a recent consultation, *Argus* will discontinue its assessment of Acid Rain SO₂ allowances for years 2-8 (PA002650). The last date of publication for this assessment will be 25 September. To discuss this further, please contact *Argus* Air Daily editor Michael Ball at michael.ball@argusmedia.com or 202-349-2861

3 SEPTEMBER FEDERAL REGISTER

Rules

Air Quality State Implementation Plans; Approvals and Promulgations: Texas; Infrastructure Requirements for the Ozone and PM_{2.5} NAAQS

2015-22035 [EPA-R06-OAR-2013-0808; FRL-9932-50-Region 6]

Proposed rules

Air Quality State Implementation Plans; Approvals and Promulgations: Texas; Infrastructure Requirements for the Ozone and the PM_{2.5} NAAQS

2015-22036 [EPA-R06-OAR-2013-0808; FRL-9932-49-Region 6]

ANNOUNCEMENT

Because of a change in market conditions, *Argus* is proposing to change the way it assesses LCFS credits and several related markets. Under this proposal, *Argus* would make the following assessments daily instead of weekly: Low-carbon fuel standard credits prompt (PA0010766), Low-carbon fuel standard premium per carbon intensity point ethanol year (PA0012289), Low-carbon fuel standard premium per carbon intensity point biodiesel year (PA0012290), California LCFS deficit cost - gasoline CARBOB (PA0014060), California LCFS deficit cost - diesel CARB (PA0014061), California LCFS MTD VWA year (PA0014775), California LCFS number of trades MTD year (PA0014776), and California LCFS traded volume MTD year (PA0014777).

Argus is also proposing to rename the following assessments:

Current name	Proposed name
Low-carbon fuel standard credits prompt (PA0010766)	California Low-Carbon Fuel Standard credits prompt (PA0010766)
Low-carbon fuel standard premium per carbon intensity point ethanol year (PA0012289)	California LCFS premium per carbon intensity point ethanol year (PA0012289)
Low-carbon fuel standard premium per carbon intensity point biodiesel year (PA0012290)	California LCFS premium per carbon intensity point biodiesel year (PA0012290)
California LCFS number of trades MTD year (PA0014776)	California LCFS number of trades MTD year (PA0014776)
Low-carbon fuel standard credits month index (PA0015013)	California Low-Carbon Fuel Standard credits month index (PA0015013)

Argus will be accepting comments on this change up to 18 September. To discuss this proposal, please contact Air Daily editor Michael Ball at michael.ball@argusmedia.com or 202-349-2861, or deputy editor Bill Peters at bill.peters@argusmedia.com at 503-222-7390. Formal comments should be marked as such and may be submitted via email to airdaily@argusmedia.com or by post to Michael Ball, Argus Media Inc., 1012 14th Street NW, Washington, DC 20009 and received by 18 September. Please note, formal comments will be published after the consultation period unless confidentiality is specifically requested.

METHODOLOGY

Argus publishes daily prices for tradable renewable energy certificates (RECs) in the California, Connecticut, Massachusetts, New Jersey, Maryland, Ohio, Pennsylvania and Texas markets, and monthly indexes for the current compliance year of each REC product.

Argus publishes daily prices and a daily and month-to-date volume-weighted average for current vintage California Carbon Allowances for delivery in December, and a monthly index for that December-delivery assessment. Argus also publishes daily prices for current vintage California Carbon Allowances for delivery in the prompt month and for next year's allowances for delivery in December of that year.

Argus publishes weekly prices for carbon offsets issued by the California Air Resources Board or the Province of Quebec that can be used for compliance with either's cap-and-trade program. Argus publishes a price for California Carbon Offsets that are guaranteed against invalidation by the seller and a price for offsets that have only a three-year invalidation window.

Argus publishes daily Regional Greenhouse Gas Initiative CO2 allowance prices for immediate delivery and December delivery contracts for allowances in the current compliance period. Argus also publishes a daily high, low, and volume weighted average price and a monthly volume weighted average for trading activity in forward delivery market for allowances that can be used in the second compliance

period. In the event of insufficient trade activity, the volume weighted averages will revert to the daily assessed midpoint.

The *Argus Air Daily* prices are intelligent assessments up until 5pm Eastern Time for all markets except California Carbon Allowances, which extend up until 6pm Eastern Time. The assessed daily price takes into account deals done in the previous 24 hours, bids, offers, spreads between current and future vintages/compliance years, and other market information gathered through a wide survey of participants. The assessment represents the range within which deals traded or could have traded at the close of the trading day for that particular vintage. In its publication and some data products, Argus provides the calculated midpoint or "price" for bid/ask ranges for the convenience of subscribers. This is the arithmetic mean of the bid and ask data, displayed and rounded to two decimal places.

Argus collects details on SO2, NOx, REC, LCFS, CCA, CCO and RGGI transactions completed in the market and publishes them in deals done tables in *Argus Air Daily* each business day. Argus also provides a daily summary of the Environmental Protection Agency's daily allowance transfer report, which shows the volume and types of trades reported to the agency's allowance tracking system. Argus only publishes the transfers between non-affiliated companies.

For more information, go to <http://www.argusmedia.com>.



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